

By Mr. RUBEN: Joint resolution (H. J. Res. 123) authorizing the Secretary of War to award the congressional medal of honor to Frederick J. Liesmann; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petition of the United Commercial Travelers of North America, favoring the passage of the 1-cent letter postage rate; to the Committee on the Post Office and Post Roads.

By Mr. CRAMTON: Petitions of citizens of Port Huron, Caseville, Elkton, Kinde, Bad Axe, Port Austin, Uby, Sandusky, Harbor Beach, Marine City, Minden City, St. Clair, Deckerville, Carsonville, Croswell, Columbiaville, Emmett, Lum, Imlay City, Owendale, Dryden, Marlette, North Branch, Clifford, Brown City, Yale, Lapeer, Capac, Fair Grove, Unionville, Sebewaing, Pigeon, Reese, Caro, Akron, Vassar, Otter Lake, Metamora, Almont, Memphis, Berville, Mount Clemens, Algonac, Richmond, Utica, Romeo, Armada, New Haven, New Baltimore, all of the seventh congressional district, State of Michigan, and all favoring the taxation of mail-order houses; to the Committee on Interstate and Foreign Commerce.

By Mr. DALE: Petition of the Buffalo Chamber of Commerce, Buffalo, N. Y., asking that all persons to be employed for the collection of revenues shall be selected on the basis of merit and fitness; to the Committee on Ways and Means.

By Mr. DYER: Papers to accompany H. R. 6608 for the relief of Dorothea Christmann; to the Committee on Invalid Pensions.

Also, petition of the Association of German Authors of America, protesting against a duty on books printed in foreign languages; to the Committee on Ways and Means.

By Mr. ESCH: Petition of the Wisconsin State Cranberry Growers' Association, favoring the reduction of the parcel-post rates and the increase of the weight limit, and members of the Local Union No. 6139, American Society of Equity, of Colby, Wis., favoring leaving power in the Postmaster General in regard to the postal laws; to the Committee on the Post Office and Post Roads.

Also, petition of the Association of German Authors of America, protesting against a duty on books printed in foreign languages; to the Committee on Ways and Means.

Also, petition of the Interstate Cottonseed Crushers' Association, protesting against a prohibitive duty on cottonseed oil by the Austro-Hungarian Government; to the Committee on Ways and Means.

Also, petition of the Order of Railway Conductors of America, at Cedar Rapids, Iowa, favoring a bill to strengthen the present liability laws; to the Committee on the Judiciary.

Also, petition of board of directors of the Wisconsin Lumber Dealers' Association, Milwaukee, Wis., protesting against the passage of the Stanley bill (H. R. 23132) providing that no corporation shall own directly or indirectly the means of transporting their products by rail; to the Committee on Interstate and Foreign Commerce.

Also, petition of the Switchmen's Union of North America, protesting against the schedules of compensation as provided for in the workmen's compensation bill; to the Committee on the Judiciary.

Also, petition of S. E. Hebling, international president of the Switchmen's Union of North America, Buffalo, N. Y., protesting against the schedules of compensation as provided for in the workmen's compensation act; to the Committee on the Judiciary.

By Mr. JOHNSON of Washington: Petition of sundry citizens of the State of Washington relative to the land grant to the Oregon & California Railway Co.; to the Committee on the Public Lands.

By Mr. KONOP: Petition of the bankers of the Fox River Valley, Wis., protesting against the Owen-Glass currency bill; to the Committee on Banking and Currency.

By Mr. MANN: Petition of H. E. Horton, of Chicago, Ill., protesting against placing duty on books of a scientific nature; to the Committee on Ways and Means.

By Mr. SMITH of New York: Petition of the Buffalo Chamber of Commerce, Buffalo, N. Y., asking that all persons to be employed for the collection of revenues shall be selected on the basis of merit and fitness; to the Committee on Ways and Means.

By Mr. UNDERHILL: Petition of the Association of German Authors of America, protesting against a duty on books printed in foreign languages; to the Committee on Ways and Means.

Also, petition of the Committee on National and State Affairs, favoring competitive examination for those to be employed for the collection of the revenues and especially the income tax; to the Committee on Ways and Means.

By Mr. WALLIN: Petition of sundry citizens of Schenectady County, N. Y., protesting against the enactment of a law creating a holiday to be known as Columbus day; to the Committee on the Judiciary.

By Mr. WILSON of New York: Petition of the Buffalo (N. Y.) Chamber of Commerce, favoring the administration of the new tariff law by persons appointed under civil service rules and regulations; to the Committee on Ways and Means.

SENATE.

WEDNESDAY, August 27, 1913.

The Senate met at 11 o'clock a. m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D.

The Journal of yesterday's proceedings was read and approved.

NATIONAL CONSERVATION EXPOSITION, KNOXVILLE, TENN.

The VICE PRESIDENT. The Chair lays before the Senate a communication which will be read.

The Secretary read as follows:

THE NATIONAL CONSERVATION EXPOSITION,
Knoxville, Tenn., August 25, 1913.

To the Hon. THOMAS MARSHALL,

The Vice President of the United States, Washington, D. C.

DEAR SIR: The president and board of directors of the National Conservation Exposition at Knoxville, Tenn., the first exposition ever held for the purpose of accenting the necessity for and best methods of conservation of all the natural resources of the country, take pleasure in announcing to the United States Senate that this exposition will open in the city of Knoxville, Tenn., September 1, 1913, and will be open for 60 days, and request the honor of the presence of the Members of the Senate of the United States at some time during said exposition, to be designated by the Senate.

T. A. WRIGHT, President.
W. M. GOODMAN, Secretary.

The VICE PRESIDENT. The communication will be referred to the Committee on Industrial Expositions.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the bill (S. 1620) to provide for representation of the United States in the Fourteenth International Congress on Alcoholism, and for other purposes.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CATRON:

A bill (S. 3052) authorizing the Secretary of the Interior to grant further extensions of time within which to make proof on desert-land entries in the county of San Juan, State of New Mexico; and

A bill (S. 3053) authorizing the Secretary of the Interior to grant further extensions of time within which to make proof on desert-land entries; to the Committee on Public Lands.

By Mr. SMITH of South Carolina:

A bill (S. 3054) for the relief of the estate of John J. Driscoll, deceased; to the Committee on Claims.

By Mr. McLEAN:

A bill (S. 3055) granting an increase of pension to Mary E. Blinn (with accompanying paper); to the Committee on Pensions.

AMENDMENTS TO THE TARIFF BILL.

Mr. KENYON. I submit an amendment to the pending tariff bill, which I ask may be read, printed, and lie on the table.

The amendment was read, ordered to lie on the table, and to be printed as follows:

Amend paragraph 580½ by inserting, after the word "developed," the following:

"Subject to such censorship as the Secretary of the Treasury may prescribe."

Mr. NORRIS submitted an amendment intended to be proposed by him to the bill (H. R. 3321) to reduce tariff duties and to provide revenue for the Government, and for other purposes; which was ordered to lie on the table and be printed.

Mr. HITCHCOCK submitted an amendment intended to be proposed by him to the bill (H. R. 3321) to reduce tariff duties and to provide revenue for the Government, and for other purposes, which was ordered to lie on the table and be printed.

Mr. SMOOT. When we reached paragraph 326, relating to woven silk fabrics in the piece, I asked that it might go over and stated that I would offer a substitute. I offer the proposed substitute for the paragraph and move that it be printed and referred to the Committee on Finance.

The motion was agreed to.

IMPROVEMENT OF COLUMBIA RIVER, OREG.-WASH.

Mr. LANE submitted the following concurrent resolution (S. Con. Res. 8), which was read, considered by unanimous consent, and agreed to:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of War be directed to submit to Congress a supplementary report on the project for the improvement of the mouth of Columbia River, Oreg.-Wash., setting forth, according to latest estimates, the amount that will be required to complete the north jetty; said report also to contain the opinion of the Chief of Engineers and River and Harbor Board as to the advisability of a lump appropriation for said work, with a view to hastening its completion.

ASSISTANT IN SENATE DOCUMENT ROOM.

Mr. CLAPP submitted the following resolution (S. Res. 174), which was read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate be authorized to employ one additional assistant in the Senate document room, at a compensation of \$1,440 per annum, to be paid out of the contingent fund of the Senate until otherwise provided by law.

THE TARIFF.

The VICE PRESIDENT. The morning business is closed.

Mr. SIMMONS. I ask unanimous consent that the Senate proceed to the consideration of House bill 3321.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 3321) to reduce tariff duties and to provide revenue for the Government, and for other purposes.

The VICE PRESIDENT. The reading of the bill has proceeded to subsection B of Section II, on page 167.

Mr. BRISTOW. Mr. President, I desire to offer an amendment and I should like a larger attendance of the Senate than there is, because I want Senators to hear the amendment. So I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gallinger	Norris	Smith, S. C.
Bacon	Hollis	O'Gorman	Smoot
Bankhead	Hughes	Oliver	Sterling
Borah	James	Owen	Stone
Bradley	Johnson	Page	Sutherland
Brady	Jones	Penrose	Swanson
Brandegee	Kenyon	Perkins	Thomas
Bristow	Kern	Pittman	Thompson
Bryan	La Follette	Pomerene	Tillman
Cañon	Lane	Robinson	Vardaman
Chamberlain	Lea	Shafroth	Warren
Chilton	Lewis	Sheppard	Weeks
Clapp	Lippitt	Sherman	Williams
Clark, Wyo.	Lodge	Shields	Works
Colt	McCumber	Simmons	
Crawford	Martin, Va.	Smith, Ariz.	
Fletcher	Martine, N. J.	Smith, Ga.	

Mr. GALLINGER. I will take occasion to announce the unavoidable absence of the junior Senator from Maine [Mr. BURLEIGH], on account of protracted illness.

The VICE PRESIDENT. Sixty-five Senators have answered to the roll call. There is a quorum present.

Mr. GALLINGER. Mr. President, I desire to give notice that on Tuesday next, immediately after the routine morning business, I will submit some remarks on the pending bill.

Mr. SHERMAN. Mr. President, the time that I desire to take is limited. I shall not consider in detail the various schedules and provisions of the bill. I shall generalize as far as possible. We have been sitting for some weary weeks on both sides of the Chamber discussing paragraph by paragraph these provisions. I could not add anything to what has been said in criticism of the bill, nor could I reply to the defenses that have been made any better than has been done. I shall content myself with such general observations as I think are now material to the bill.

Every few years a new generation reaches the ballot box. This period approximates the elemental disturbance in the method of national taxation. So long as the question of taxation persists there will be a difference of opinion on how taxes are to be levied. Some oppose any restraint whatever on all commerce between nations. Free trade may be dismissed, however, into the realm inhabited by doctrinaires. It is a good deal like socialism; it presupposes conditions impossible to exist either in government or in human nature. When the conditions are such as to make either practicable, both will become useless, because government will have become entirely unnecessary. If no governments are to be supported, there are no tariffs to be framed, and these schedules will, accordingly, be forgotten.

All of us learn in various ways. Experience is conceded to be an efficient instructor. Some learn by experiences, personal and private to themselves; others act so as to involve the general public in the calamities of their educational processes.

The latter include those who are never really happy unless they are taking the industrial mechanism of the country apart in order to see what is inside of it. After they have taken it apart they universally fail to put it together again so that it will run successfully.

A NARROW MARGIN.

I apply myself this morning not to a theoretical but to an extremely practical part of this bill in this portion of my comments. The report of the Senate Committee on Finance estimates the receipts under this bill for the year ending June 30, 1914, at \$996,810,000.

The expenditures of the Government for the same period are estimated at \$994,790,000. I obtain this information from the majority report of the Senate Committee on Finance. The excess of receipts over expenditures is \$2,020,000. This is a mere paper surplus. Those who think the Government ought to meet the expenses of each year with that year's revenue may be dubious. I could pardon Mr. Micawber for feeling somewhat gloomy in the circumstances.

The fiscal affairs of the United States are still administered under Republican legislation. The Democratic majority so far has confined its successful efforts to appropriation bills to be met by revenue supplied by legislation enacted by Republicans. Anybody can spend money; any political party can empty the Treasury; but it yet remains for the majority party in this Chamber to demonstrate that they can fill the Treasury again. That you have to do for the future. History on this subject is not extremely reassuring.

If industrial effort pause to take stock, to reflect on the change and the future, it is not a conspiracy. The law of supply and demand, the rise and fall in obedience to the inexorable laws that govern the markets, is not a conspiracy against the majority party. It is merely a universal law of business foresight. I have seen deficits in the Treasury, as some of you have. They are storm signals. An experienced mariner, who heeds the laws of safe navigation, is to be commended for his prudence, not threatened with indictment. Nobody can be compelled or coerced into keeping his doors open. The inability of the Government to meet its current expenses without resorting to loans is a grave menace to every private occupation.

DANGER OF A DEFICIT.

This tariff bill is born under the shadow of an anticipated deficit. I wish to preserve in the CONGRESSIONAL RECORD, that splendid mausoleum of literary effort, the statement that this measure, known as House bill 3321, confesses on its face that it must be flanked by an income tax to provide revenue on one hand and by a currency bill on the other. If perchance the income tax fails, the currency bill can, by enforced contributions from the national banks of the country, furnish enough to keep the Treasury from showing the bottom.

This bill and the estimates made by the Senate Committee on Finance confess so narrow a margin between income and outgo that an error in a single estimate will convert the Treasury from solvency into bankruptcy. Conjecture is the basis of this legislation and public debt is its legitimate offspring. The promised reduction of taxes below the necessary level of self-support is a morbid propensity of some candidates for public office; it is a passport to temporary power. It has been often used and just as often repudiated whenever its debilitating effects on public and private credit have become apparent.

A candid survey of the undisputed conditions is now pertinent. On March 4, 1913, the total regular and permanent annual appropriations were \$1,098,647,960.21. That was for the fiscal year ending June 30, 1914, excluding all authorized contracts for the payment of public money. The appropriations for the fiscal year ending June 30, 1913, were \$1,019,412,710.91, excluding all like authorized contracts. The annual increase of expenses is over \$79,000,000. If the additional liabilities authorized by contracts to be entered into are considered for each year, the increase swells to larger figures.

The Government balance sheet is an essential element of every solvent Government—State or National. The appropriations made do not warrant the hopes that are given us by the Senate Committee on Finance. When I read the report of the majority, the only relief in sight from this nearly \$80,000,000 increase in a single year is a platform promise of our Democratic brethren made July 2, 1912, at Baltimore.

We demand—

I am quoting now—

a return to that simplicity and economy which befits a democratic government.

* As this promise was made over eight months before the increase of nearly \$80,000,000 in appropriations was made, it does not inspire in most of us that degree of confidence which ought to attend such solemn proclamations. If a person were

disposed to be facetious on the subject, it might be said to be in the nature of an *ex post facto* law.

The House has the sole power to originate all bills raising revenue. That body has been in the control of our Democratic brethren for two fiscal-year periods, and yet, when I read the items of appropriation for each of those years, I find no befitting simplicity or economy. I find the same expenditures, the same method of handling appropriation bills; I find that method continuing, even against the protest of the heads of committees and of those in charge of and responsible for the legislation of the Democratic House.

SEEK INCREASED IMPORTS.

This bill, in the face of these expenditures, notwithstanding nearly \$80,000,000 increase in appropriations in a single fiscal year, in the face of the natural growth inherent in every progressive government, admits that we will collect less money from customs duties under it than we have in former tariff bills or from the law now in force.

They finally admit upon repeated queries, sometimes with reluctance, sometimes inadvertently, but at all times until recently with some degree of frankness lacking, that there will be an increase of importations. The mathematical result of the lowering of rates and the increasing of importations will, it is hoped, equal the income under the existing law. That, however, is based only on estimates.

The admitted purpose of this bill is to increase importations. It is claimed that more imports at a lower rate will equal less imports at a higher rate. Demonstration, as usual, is answered by prediction. At a time when the country is facing grave responsibility it is proposed to hazard a total reconstruction of our economic system.

If domestic production is more than home consumption and we show an exported surplus, it is argued that no protection is needed. We have heard that statement repeatedly from Senators in charge of this bill. They say when such conditions exist "we are already selling in the world's markets, reduce duties or free list articles, and let things be cheap or cheaper."

If our domestic production is less than our home consumption, they say the difference must be supplied by importations. "We have," they say, "no export trade and are not producing enough to meet home consumption. Therefore reduce the rates of duty or free list the articles so that they come from abroad and we may again have things cheap or cheaper."

Both the farmer and the manufacturer are bound on the bed of Procrustes. If they are too short, they are to be stretched; and if they are too long, they are to be cut off.

THE THEORY IS UNSOUND.

I shall not attempt an analysis of the 15 schedules of this bill, even if it were possible for any one man to be capable of making it. They are all written on the same theory. If you were to lay the blue prints down—if it were possible in connection with economic and legislative action to do so—you would find that they are all drawn on the same scale, on the same theory, and attempt to apply the same thing in practice. The theory is unsound. The system put into operation has never yet failed to produce precisely the same results.

The tariff act of 1894 was framed on the lines of this bill, and it is only occasionally, merely as a matter of historic reference, that it is ever mentioned in this Chamber. When it is mentioned, its friends and apologists spend more time in proving an alibi for it than they do in undertaking to explain the manifold blessings that fell upon us while it was in operation. We remember that it conferred on us the pearl of great price—cheapness—and its inevitable handmaid, idleness. It ran the mills of other countries overtime, just as, in my opinion, this bill will do, although I hope I am mistaken. Our own mills then rusted and our pay rolls melted into thin air. The farmer's products shared in the downward revision, and he too learned the cost of turning over our markets to alien hands.

How is it possible, asks a tariff-for-revenue-only disciple or a free trader, to maintain American standards of living at our prices here and ever to export anything to any market where lower prices obtain?

That can be done only when our producers have the entire American market. A large volume of business permits a manufacturer to reduce the margin of profit on each unit. Ten cents on a barrel of flour is the average margin to the millers of this country. There is no combination among the millers; they do business on a competitive basis both at home and abroad. A divided market on a 10-cent margin of profit does not mean the same thing to a miller that it does to a tariff-bill writer. It does not mean the same thing to the wheat-growing farmer. It does mean to him, though, a diminished market when Canadian and South American fields pour their millions of bushels

into our market. Manufactures are sold on a narrow profit to the producers. That price can be maintained only by keeping all our own market for our own people. This is always the larger question, and it is something that our critics have not successfully answered on the floor of this Chamber.

A leading maxim of tariff for revenue only is that no article needing protection can be successfully exported. I take that from an address of nearly 20 years ago made by a gentleman from Nebraska who served in the House of Representatives at that time. It was the keynote speech of tariff reform in that year; it is the keystone of that address. That, as I have said, was nearly 20 years ago. Let us see what the developments since that time have shown.

The exports of tin manufactures in 1912, after providing for the demands of the home market, refute the claim. For the last year, after supplying the home demand, our exports were nearly a million and a quarter dollars of manufactures of tin alone. We have exported manufactures of tin for many years. That industry was created by the McKinley Act of 1890. The exports of cotton manufactures in 1912 were over \$40,000,000. That is a protected industry.

SEA ISLAND COTTON.

I want to stop here to confirm what I said a day or two ago. On the impulse of the moment, without being able to restrain myself at the time, I stated that I was perfectly willing to vote for a protective duty on sea-island cotton. I am, now or hereafter, willing to do so. If Members of this body are as adequately informed as I think some of them are, if they know business conditions in the States bordering on the Atlantic, where much of the territory susceptible of growing this product lies, where the only American source of production is to-day, they know that there is something wrong with the market for sea-island cotton.

If those who have money invested in the industry, if the banks that have loaned, not their own money but their depositors' money and their shareholders' money, were to be heard, they would tell you that for some reason the market for sea-island cotton is unsatisfactory.

Let me notice for just a minute what the trouble is about this. I find in 1912 more than \$20,000,000 worth of imports of unmanufactured sea-island cotton. I find that the two ports of Boston and Charlestown, Mass., received during the last fiscal year more than \$15,000,000 worth of imports of that product. That must be exported from some place. Whence does it come? I find that England is shipping a part of it and Egypt a large part of the remainder, with some from India.

Everybody knows that not a cotton boll ever burst in old England. We do know that sea-island cotton or a similar quality of long-fiber cotton is produced in Egypt.

Along in the days when Moses was floating in the bulrushes the Egyptians were not producing any long-fiber cotton for the export trade, but now in that country they are beginning to raise it. England, with her usual foresight and wisdom, has seen the possibilities there. She not only has improved the natural irrigation that comes from the periodical rise of the river, but she has introduced improved methods of agriculture.

England is always intensely practical in her colonies. The English race is a race of colonists. The law of primogeniture has sent all except its oldest sons to the four quarters of the world. It causes no surprise that Quebec fell into English hands in the days of Montcalm and Wolfe. It is not remarkable that in Cape Town the English are paramount. It is no wonder that wherever valuable minerals are found, wherever there is commerce to be had, wherever progress is possible under the development of English institutions that they carry with them around the world, you find they colonize.

In the days of the Khedive, long before Kitchener went down in the Sudan, long before Gordon, down in the desert, fell a victim to the negligence of the military and governmental authorities of the home country—long before that England found Egypt bankrupt, her public obligations defaulted, interest and principal unpaid when due. She found the Egyptians the victims of every enemy, without law, without order, without a sense of public honor or of governmental security. She established a protectorate. Her purpose was to bring law and order and solvency to the Egyptian people. She went further. More than 12 years ago she began the great dam of Assuan, the greatest single piece of engineering of the kind in the world. It is finished; it is in operation.

In the days of the Pharaohs, since the Sphinx and the Pyramids have looked down upon that country of mystery, there was but a thin ribbon of the arable land of the Nile Valley. One could stand on the farthestmost eastern edge and look with the naked eye across to the other boundary, and that was the

cradle of the human race when recorded history began. The English improved it, be it said to their everlasting credit. They built the dam. They stored the flood waters of the Nile. The dam was built at the First Cataract.

What do they do with it? What is the object of it? Just a curiosity? Not at all. England has added 2,500 square miles, or 1,600,000 acres, to the tillable land of the Nile Valley by this irrigation system. What is done with it? It raises sugar and long-fiber cotton.

That is the story; and that is the reason why to-day every man who believes in the soundness of the principle of protection can consistently vote for a protective duty on sea-island cotton.

Fifteen million dollars' worth of sea-island cotton taken out of the market of such States as produce it means something to the producers of that commodity. The \$15,000,000 worth that came into Boston and Charlestown last year means \$15,000,000 less of sea-island cotton from our own country. The merchants and manufacturers in that part of the country are applying the principles of the people who are framing this bill. They are buying cotton where they can buy it the cheapest. Therefore they are not buying American sea-island cotton. They are going to Egypt and India and England for it, and some of it comes from Germany. They all get it from the same or practically the same source. I would not be so uncharitable as to assume that certain apparent discriminations against the highly manufactured forms of cotton that are explained by the chart on the wall of this Chamber are caused by those importations by New England.

Mr. LODGE. Mr. President—

The PRESIDING OFFICER (Mr. LEWIS in the chair). Does the Senator from Illinois yield to the Senator from Massachusetts?

Mr. SHERMAN. I do.

Mr. LODGE. The Senator has referred to the long-staple cotton exported from Scotland and England. Of course that all comes from the same source; that is, the valley of the Nile.

Mr. SHERMAN. Yes, sir; it does.

Mr. LODGE. The ports of Scotland and England are merely ports of transmission.

Mr. SHERMAN. Yes; it all comes from practically the same source.

The woolen industry is protected, and it exported goods valued at \$2,500,000 during the last year. Zinc and zinc manufactures are also protected. They exported over \$2,000,000 last year.

THE SIMPLE QUESTION OF EGGS.

I now come to the simple question of eggs. At present they have a duty of 5 cents a dozen. I was talking with a Democratic brother of mine one day, and I asked him what he had against eggs. He did not reply. I said, "You are reducing the duty on them somewhat." He said, "Oh, they can not be imported now. There is no danger." Well, there is a good deal of danger. There was not any danger 25 years or perhaps 15 years ago, but with the refrigerator process of transportation there is danger of anything. What was perishable before in the poultry line or in the line of garden produce is to-day put into a market from one to three thousand miles away in a practically fresh condition.

Eggs are not so insignificant an item as they may seem. I still have reference to the Statistical Abstract of the United States, notwithstanding a distinguished Democratic Senator denied its reliability the other day. I can understand why. He is a good deal like an old-timer out on the plains who came back to Illinois when I was a lad, and told a story about a mule climbing the only tree there was on the plains. Some doubt was expressed about the ability of the animal so to perform, and he was pressed to give the circumstances. He said, "Well, there was a buffalo bull after the mule and he had to climb the tree." The Senator was in a corner. He had to climb a tree, and the only way to climb it was to put his foot on the Statistical Abstract of the United States and reach for the first limb, and he got away.

I am referring now to the same discredited source of authority. In 1910 we produced \$377,000,000 worth of eggs. According to this authority in 1894 we could not export them, but as a matter of fact in 1912 we exported nearly three and a half million dollars' worth of them and imported \$147,000 worth. I suspect the most of the imports were eggs for fancy fowls or improving breeds. They were not used for food.

WHEAT AND ITS MARKET.

Wheat is now dutiable at 25 cents a bushel. In 1912 we imported about two and a quarter million dollars' worth of wheat and \$700,000 worth of flour. In the same year we exported

nearly \$29,000,000 worth of wheat and nearly \$51,000,000 worth of flour. The reduction of duty made in the House was not so severe. It was to 10 cents a bushel. That would equalize to some degree the difference of cost between the production of wheat here and abroad. But in the Senate committee the duty has been entirely removed.

In April of this year—I tried to get the figures for August, but failed—a bushel of wheat, cash, including insurance, freight, and other costs, at Buenos Aires, in the Argentine country, was worth 70 cents. The freight to Liverpool is 15 cents. These figures I have from a miller who grinds both the domestic wheat and that from the South American countries. A barrel of flour made from Argentine wheat costs \$3.82, counting 4½ bushels to the barrel. The same bushel of wheat from Argentina, free listed, costs 70 cents, with 12 cents freight added to New York, Boston, or Philadelphia. A barrel of flour milled from it costs at the latter point \$3.69. The difference between that and the cost of an English barrel of flour from the same wheat is 13½ cents. The English miller sells the by-products of the 4½ bushels of wheat for at least 20 cents in excess of what the like by-products are sold for here. The freight from England is 15 cents a barrel, as freights ran last spring. Where will our miller buy wheat on the Atlantic seaboard with wheat free listed? He will buy it from South America, because he can mill his barrel of flour cheaper when he gets it from there than he can when he gets it from the Northwest.

It is said that free listing wheat will cheapen bread. Suppose we concede that the duty of 10 cents a bushel is a tax, and leave the question of domestic competition entirely out of it. Four and one-half bushels of wheat will mill into a barrel of flour. The duty is 45 cents. The barrel makes 320 loaves of bread. If you divide that, it is forty-five three-hundred-and-twentieths, or nine sixty-fourths, of 1 cent on a loaf. No one believes that this reduction would ever reach the consumer. Like free listing hides, or reducing shoes 60 per cent, the lower production cost will be absorbed either by the jobber or by the retailer.

FARMERS DIRECTLY INTERESTED.

At one time the farmer's gain was indirect. I once had the same idea that many of my associates have. Manufactures and diversity of pursuits created a home market. Out of that grew an advance in land, and the marketing of what at that time was largely a quantity of perishable products. Then Canada's wheat land slumbered in the unbroken solitudes of her mighty wilderness. Then Argentina was still wrapped in the apathy inherited from centuries of Spanish misrule. Anybody who has ever traveled south knows what that means. Both of those sleepers, North and South, have awakened. The dormant fertility of their boundless fields has burst into an endless stream of grain that reaches the duty-free markets of every port in the world. Where once the North Star guided the trapper and the explorer, and where the listless native went his careless way under the Southern Cross, to-day rival farmers see every harvest covering an increasing acreage.

Grain elevators and railways are tapping the resources of that country, and those competing granaries are pouring their ceaseless flood through all the ports of the world.

We used to read in our school days when we studied mythology about Ceres. I never knew who she was; I had no personal acquaintance. I found out since what it means. It is merely an idea. Mythology is said to be built upon the great moments of men who lived in the midst of antiquity and died before recorded history began. So the shining moments of those great men finally crystallized in mythology and tradition in their dominant characteristics and the fabled goddess of grain and tillage became Ceres. She no longer appeals to my imagination. Mythology and fiction both lag on the swiftly moving heel of fact when we contemplate the stupendous and complex mechanism of the modern grain market that supplies breadstuffs to civilized man.

The message of the Western Hemisphere to the farmer of the United States is a direct protective schedule to keep the markets of this country for him who gives to it his service in time of war and to which he pays taxes in both peace and war.

The ringing appeal of the Senators from the Northwest not long since touched the heart of every man who knows the farm and farm life. The farm, the orchard, and the garden are the basis of domestic food supply, and they are still the best, the safest homes of our race.

Who would not welcome in 1920 a return movement of our population to the farms of this country, not only in New England, but elsewhere? To cause it I will vote for any reasonable support for good roads. I will help to extend by whatever my vote is worth the rural free delivery. I will help develop and extend the parcel post. Like the Senator from Idaho [Mr.

BORAH], I would rather vote a bounty on the farmer's produce than to free list it.

I believe in the cane sugar and the wool grower's share in the protective system as well.

The man who works the soil and tends the herd or flock is disowned and abandoned in this bill. Ruthless as are the cuts in manufacturers' rates, a semblance of incidental protection survives to them. The farmer, the flockowner, and sugar grower are cast adrift on the open sea of world-wide competition. They are told it is a benefit to them, and they are asked to kiss the hand that smites them. If they want to do it, I have no objection. I am waiting to see whether they will or not.

GIVING AWAY OUR HOME MARKET.

It is admitted that this bill will increase importations. What becomes of them? Are they to be kept as curios to be put in museums or are they for our markets? Why is it done? To lower prices and so reduce the high cost of living. That is admitted. It is in the CONGRESSIONAL RECORD for future reference.

The resulting cheapness can only be had by displacing a volume of home production equal to the importation. Even more, the real displacement value is the invoice price abroad, with the transportation charges and the profit added in this country. Our domestic consumption can not equal our present home production and importations combined. Something must yield in this increase of importations. If imports increase, we consume fewer of our own products. If they do not increase, the bill provides no adequate revenue; we gain nothing, and take all the risk for our pains.

Why do some delude themselves by thinking it possible to lower the cost of everything they buy without lowering the price of anything they sell?

This country's industrial body is an entirety. It grows as a whole. An injury to a part is at last an injury to all of it. Any attack on any vital organ threatens its life. I therefore am just as ready to vote to defend sugar in Louisiana and California as I am iron and steel in Pennsylvania and Illinois. The wheat and dairy products of the great Northwest are entitled to the same protection as the cotton mills of New England and North Carolina.

Protection is national; it is not local. It may begin like the tribal instincts in the early days. The first nation was a tribe. But the development of the tribal feeling with the broadening of the horizon led to the nation. It might be local interest at first, but it soon becomes national, and we learn that the entire fabric of the economic body politic is a whole. It is a national question and not a local one.

The horizon of those who believe in this widens and advances with the jurisdiction of the Government. It ends only at the invasion of our market by the work of other hands in other countries. We believe the highest American statesmanship is to make our own production at least equal to our own consumption in every article we can make in this country.

PAY-ROLL DOLLAR THE BEST DOLLAR.

The American pay-roll dollar may be, in the language of a distinguished Chautauqua lecturer, a man-made dollar, but it is the best dollar in the civilized world. It is the gold-standard dollar yet, notwithstanding the efforts of some of our distinguished friends. When it goes out of circulation what currency laws can restore it?

The farmer is methodically turned out to compete with the world in this bill. With the rapid cheapening of freights on land and sea the last barrier for his protection is broken down in this bill. A few more months will witness a world-wide commerce in water transit at the Isthmian Canal. The ships of Europe and Asia will reach every port of entry on our coasts. The first ship that sails west from sea to sea without rounding Cape Horn will be the most momentous event in the world's commerce since Columbus planted the cross on the shores of San Salvador.

Facing this, the farmer must be a protectionist. It is only lately that he has begun to reap something of our growth and of the fields he has plowed in the summer sun and watched in winter snow. Now he faces again the tariff reformer with only promises against his bitter experience and prophecy in answer to his doubts and fears.

I was against Canadian reciprocity. I am against it now in whatever form it may appear. It was a political blunder. It was a grave economic error. It was an error against the farmers of the great producing areas of the country. The instinct of the farmers of the great West and Northwest is still wiser than the philosophy of the professors and the treaties of all the diplomats of any administration. There was in it, though, some feeble effort for a small compensation.

In this bill there is absolutely none. Not to Canada, not to Europe, but to the world it gives the domestic markets of nearly 100,000,000 people with the highest standard of living known to civilized man without one solitary reciprocal advantage to the farmer. To the farmer there is a lame and impotent stagger toward protection; 1 t before it becomes operative it must be submitted to Congress, not to this Senate, which has the constitutional power of consenting to and ratifying treaties, but to Congress, requiring the assent of both branches of the National Legislature.

HOW TO BUY ONE'S SELF RICH.

The farmer is told that he buys in a free-list market under this bill. Say that what he buys is lower. He gains, it is said, more than he loses by the joint reduction of what he buys as well as by what he sells. That sounds plausible. Small wonder, though, that the farmer who is in the habit of looking back of things for the substance of them as well as other business men fails to see the ineffable blessings of this generous scheme when he waits for his team to cool at the end of the furrow.

He knows just as well as we know that to beat the schedules of this bill he has to buy more than he sells. You must repeal the law of the multiplication table and the laws of nature before you can get away from that. If he sells more of his product at a lower price than he buys of somebody else's products at a lower or equally low price, the balance of trade is against him. The only way to enrich himself under this bill is to buy more than he sells so as to enjoy the benefits of the low cost of living. This is practical. It is not political; it is not governmental. That rule existed when Euclid framed his first geometric problem, when mathematics first became known to man as an exact science.

This bill is drawn under the hallucination of certain political economists that everybody buys more than he sells. The basis of that notion is that overworked ideal individual known as the ultimate consumer. He is supposed to be continually eating, wearing out, drinking voraciously, or appropriating to his individual use all the luxuries and the necessities of life ad libitum.

For practical purposes he is a myth. I shall assume that everybody produces in some form of commodity or service more than he himself uses. If he has no surplus to dispose of he must at last be a bankrupt. There are no persons but the idle rich and the vagrant idle poor who are not producers of more either of commodities or service than they consume. The price of all one sells must exceed in price what he buys if he save anything from year to year. If a wage earner be substituted for the farmer the same conditions appear and the same rule applies.

LOW PRICES.

The low-price phrase is a surface argument. We have heard it in many campaigns. It usually comes about 20 years apart, after a new generation has arrived. We forget what it means, some of us older ones. We naturally think first of what we pay out. It is the second thought that reminds us of what we take in. If we had some of New England's thrift in our somewhat wasteful ways out in the West and the Middle West, we would think of it maybe a little quicker.

We naturally think of what we pay out, what we buy of somebody else, when we think the price is high. It takes a second thought to remind us that what we have left of what we take in is the surplus at the end of our year. On this depends the thrift or thriftlessness of ourselves and others. It is the farmer's continuous market at the market price for his product that makes his balance right at the end of the year. It is the pay-roll dollar that spells the difference between the workmen here and abroad.

The ability to buy at a higher price is infinitely better than the inability to buy at any price.

This is our country. That seems to be forgotten sometimes. Its work, its wages, and its markets belong to our people.

IMPLEMENTS AND BANANAS.

The reasoning of this bill describes a vicious circle in legislation. As it stands we know what that means. It is arguing around to the starting point and begging the question.

Agricultural implements are free listed to give the farmer cheap agricultural implements and to punish the trust, the International Harvester Co. All right. Bananas are made dutiable at 10 cents a hundred pounds to punish the United Fruit Co. We produce \$150,000,000 worth of farm implements and use 75 per cent of them at home and export the other 25 per cent.

How many bananas do we raise? I ask the question of some of the learned gentlemen who are interested in this phase of the question, who investigated it. I do not think any appreciable

number of bunches of bananas in the market are raised in this country. We will import in the next fiscal year \$15,000,000 worth of bananas. We will collect from that an estimated \$2,250,000, without a single competitive bunch grown in this country.

SUGAR AND SHEEP.

Sugar is free listed, and rice is given protection under the thinly veiled pretense of needed revenue. Sugar produced \$50,000,000 and has been dutiable since 1789. Rice, in the handbook accompanying our labors, is estimated to produce \$250,000 in the next fiscal year.

I should like to have some of the authors of this bill who feel we need the revenue feel it in the neighborhood where there is some reasonable prospect of having it satisfied.

The sheep has always been the shibboleth of the free trader. The farther he can go from home to buy a sheep or its wool, the happier he is. If he can get a sheep or its wool in South America, it is a good day's work. If he can buy one in Australia instead of Wyoming or Ohio, he forthwith proclaims his unappeasable happiness by writing a book on political economy, with special reference to the wealth of nations.

Poker chips are protected in this bill by a 50 per cent duty, and free salt at last appears as the ineffable boon upon the American breakfast table.

COTTON GAMBLING LICENSED.

Cotton gambling is licensed at 50 cents a bale, with no serviceable distinction between the intention to deliver the cotton or not in the future.

Mr. OLIVER. Mr. President—

The PRESIDING OFFICER (Mr. LEWIS in the chair). Does the Senator from Illinois yield to the Senator from Pennsylvania?

Mr. OLIVER. I think that what the Senator says is worthy of a better audience, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The Chair informs the Senator from Illinois that the Senator from Pennsylvania suggests the absence of a quorum. Does the Senator yield?

Mr. SHERMAN. I have no complaint to make, because, as the present occupant of the chair knows, we are used to a stockyard district, where anything goes.

Mr. GALLINGER. Nothing can be done but to call the roll under the rule.

The PRESIDING OFFICER. The roll will be called.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hitchcock	Norris	Smith, Ariz.
Bacon	Holles	O'Gorman	Smith, Ga.
Bankhead	Hughes	Oliver	Smith, S. C.
Bradley	James	Overman	Smoot
Brady	Johnson	Owen	Sterling
Brandeggee	Jones	Page	Stone
Bristow	Kenyon	Penrose	Sutherland
Bryan	Kern	Perkins	Swanson
Cañon	La Follette	Polindexter	Thomas
Chamberlain	Lane	Pomerene	Thompson
Chilton	Lea	Reed	Tillman
Clapp	Lewis	Robinson	Townsend
Clark, Wyo.	Lippitt	Root	Vardaman
Colt	Lodge	Saulsbury	Walsh
Crawford	McCumber	Shafer	Warren
Cummins	McLean	Sheppard	Weeks
Fall	Martin, Va.	Sherman	Williams
Fletcher	Martine, N. J.	Shively	Works
Gallinger	Nelson	Simmons	

Mr. SHEPPARD. My colleague, the senior Senator from Texas [Mr. CULBERSON], is unavoidably absent. He is paired with the Senator from Delaware [Mr. DU PONT]. I ask that this announcement stand for the day.

Mr. McCUMBER. I desire to announce that my colleague [Mr. GRONNA] is necessarily absent from the Senate, and is paired with the Senator from Illinois [Mr. LEWIS].

Mr. O'GORMAN. I wish to announce that the senior Senator from Louisiana [Mr. THORNTON] is unavoidably absent from the Chamber.

The PRESIDING OFFICER. Seventy-five Senators have responded to the roll call. A quorum of the Senate is present.

Mr. SHERMAN. Mr. President, there is a drawback feature drawback features or rebates does not lead to the conclusion that the burden will be removed even from the legitimate transactions in cotton. There is a legitimate sale not only of cotton but of every commodity for future delivery. Whatever may have been the history of exchanges and boards of trade in the past, all of the legitimate exchanges now, without regard to the commodity, are adopting or have adopted stringent rules prohibiting an adjustment of differences merely, with no intent to deliver upon the arrival of the future time; in other words, they have gone to a strictly lawful basis in the great exchanges of the country.

There will be a burden, under this section of the bill, imposed upon legitimate transactions, because of the difficulty usually experienced in administering rebate provisions. Who pays the burden? Either the cotton grower or the final consumer of cotton. It is simply another toll station put on the road between the man who produces a domestic article and the one who uses it. Those accumulating charges are already intolerable; they are now amongst the most responsible causes of the high cost of living complained of. Is it not better to take those burdens off our domestic commerce rather than to put others on?

I am opposed to this section of the bill as well as to the others. If sales of cotton are in good faith, for actual delivery, they are lawful alike, without restriction under the laws of the State where the exchanges are located and in the interstate commerce of the country as well. If there be any evil in any of the transactions, real or apparent, the method of reaching it effectively is to declare it gambling by an act of Congress.

Gambling in futures is criminal; such transactions are civilly void, and the State and Federal courts are closed to those who would invoke their remedies in every jurisdiction in this country—almost without exception in State jurisdictions and universally so in the Federal courts. Declare them gambling between the citizens of the different States and a misdemeanor by act of Congress; do not license them even in form, or the Government becomes a partner in an offense against sound morals and the rules of legitimate trade. If these tariff schedules for revenue only so exhaust the Treasury that we must compound even with apparent gambling to replenish it, then better raise the rates than to divide the gamblers' spoil.

The majority of the Senate Committee on Finance reports that a large volume of transactions for future delivery of cotton is in its last analysis gambling. It is further stated that the imposition of a proper tax is not only to eliminate a parasite, but to collect a considerable sum of revenue. From whom? What would be thought of the municipality that offered to divide even some of the plunder of such transactions as are stigmatized here as, in the last analysis, gambling? Who will justify eliminating even a parasite by licensing him to continue to infest the country that he inhabits for the sake of the money he pays to the Government? This is one kind of tainted money that I can segregate and condemn at its source.

THE INCOME TAX.

The income-tax section is a fearsome document, if you will allow me to drop into Scotch vernacular. I am for an income tax properly laid. I am against it in toto as proposed to be applied by this bill. The Senate committee exemption of \$3,000 is too low. The House exemption is nearer the just classification, if classes are to be introduced into legislation.

The former sound doctrine was that all taxes be levied on a basis of assessed equality. I would prefer that all pay proportionately and that no class be introduced. That, however, I regard as governmentally impossible under present conditions. Some class distinctions, I believe, are inevitable in future legislation on this subject.

The income-tax amendment is now a part of the organic law of this country. We must legislate to execute its provisions. It becomes impossible, in my judgment, so to legislate unless we do recognize and introduce some form of classification. That necessarily brings us to classes, below which some are exempt from the tax and above which others are liable, either at a uniform rate or on a graduated scale.

There is a wide difference of opinion on the relative merits of what ought to be done. By force of necessity, seeing no other solution of the problem, I have accepted the classification stated, and I have further accepted the graduated scale, an ascending scale with the increase of income, as the only practical and just way in which legislation can be had on this subject.

After we have introduced classes, if any distinction is to exist between married and unmarried men, add \$1,000 for the wife and not less than \$500 for every child, and take off the limit as to children. Why do you want to limit the exemption to two children? That is the fashionable number.

If there is any race suicide, where does it begin? It is among the people who ought to raise children and send them out into the world, because they are able so to nurture and train them as to make them good citizens and better fathers and mothers of future generations. Do not leave all the babies in the country to be raised by those who have not the means so to nurture and raise them as well as have some whom I have in mind. I would put a tax on dogs and a bounty on babies, if I were a benevolent despot in this country.

After a certain limit is reached on fixed investments we all know what happens. If the investments are in stable property,

the tendency is for offspring to be few and far between. This is the race-suicide line, and this bill promotes race suicide in spite of its professed love for population, for the family, and for the low cost of living. The bill places a premium upon two children only. If there are a dozen, the other ten, I suppose, are economically undesirable and ought to penalize the wage-earning head of the family. Above this race-suicide line the income tax ought to be high enough to compensate for the loss by raising the exemption limit to \$4,000, with the addition for wife and children.

There is an unjust discrimination in the classification made. Do you think that nobody but a married man has any burdens? What about relatives within the degree of consanguinity? Aside from the legal obligation, what about the moral obligation that is stronger than any of the laws made by the puny fiat of legislation? There may be a sacred burden to be borne second only to wife and children.

AN HONOR ROLL.

Call the roll now of men who earn \$4,000 or less. Who are they? It is admitted that above the \$4,000 line there are a very limited number of men in this country subject to the proposed income tax.

The men who are earning less than \$4,000 a year comprise a very large number. Who are they? They are the men who toil with hand or brain, or both. There are 12,000,000 of them working on the farm every time the sun rises on our domain; there are 7,000,000 more of them in manufacturing pursuits, who pour out of the shops and mills at the close of every working day. Five millions are in trade and transportation; they are the agencies of collection and distribution throughout the country. Six millions are engaged in personal service, and more than one and a half millions are engaged in the learned professions.

This is an industrial army of more than 30,000,000 people. They are the hand, the mind, the eye, the ear, the heart, and the conscience of our race. Without them production and distribution would cease; the field would lie fallow; the shops rest away in idleness; the engine be cold and pulseless; the ship rot at the pier, and even the dead would go unshriven to their tombs. They are 30,000,000 laborers, and of them we are a part.

I have a broad definition of labor—not the limited one that so often springs unbidden to the mind. The countless things of use or beauty, of convenience, or of comfort, the service for wages, for charity, or for love; all that gives food, clothing, shelter, literature, music, or the arts; necessities or luxuries; all that shields, maintains, adorns, diversifies, or develops human life is labor.

A sculptor's genius shapes from soulless marble a form surviving centuries after the last ring of his chisel has died away. A day laborer wheels rubbish or dumps slag from the mill. Both of them are laborers, as I see it, each in his own way, in the great vineyard of human affairs. The engineer in his cab, the priest in his surplice, the lawyer with his brief, the miner with his pick, all must recognize each other as fellow members of a union, and brothers in this mighty army of toil.

This Senate must recognize this enduring truth in laying an income tax. Taxes primarily ought to be on property. This, I realize, is largely theoretical at this time; nevertheless it is a conviction I have that keeps struggling ever in my mind, so I will give it place here. Taxes ought primarily to rest on property. The primary purpose of government is the protection of the person, not, as is sometimes thought in this latter day, the protection of property. Property is a means to an end. Property is a means for the promotion of the care and the welfare of the persons of men. That is the primary object of government, and property becomes secondary.

THE IDEAL TAXATION.

I believe the burden of taxation in its ideal form, when levied, would be upon property rather than upon effort or ability, industry, skill of hand or brain. If a plumber made \$5,000 a year I should be willing to vote to exempt him from tax. If a lawyer made the same income I should be willing to exempt him. All that a farmer makes from land he owns, by skill and industry, beyond a fixed percentage on the reasonable value of his land ought to be exempted on the same ground until it exceeds a given limit obviously beyond the means of support. Ability dies with its possessor. Why tax it, at least until it rises clearly beyond the bread-line limit?

Income from fixed investments or property stands on another and more enduring basis. Death does not destroy it. The source of such income is intact. The principal is imperishable if handled with the same prudence as that of the man who accumulated it.

The modern trust company furnishes this prudent management. The trust company is one of the great factors of mod-

ern life. We sometimes fail to understand what it means in the economic problem of to-day. It is used as an instrument, coupled with the statutes of wills and with few or no children, to build and maintain the huge bulk of certain fortunes, conveniently and habitually used by Socialists as horrible object lessons in their attack on the institution of private property.

There is a good deal more socialism abroad in this country than we think. A studied creed, with deliberate purpose, with a system and a propaganda well understood to-day, is waging war on the Anglo-Saxon idea of regulated individualism in government and the private ownership of property. The antidote is not shrieking radicalism from the curbstone and barrel head, but sane, practical legislation, bringing the laws of the land down to the practicable requirements of the present day.

A graduated income tax and an increasing birth rate are an adequate remedy. If nature were let alone, her laws, not only of ability but of the inherent difference between man and man when grown to adult years, would break every undue accumulation of property possible in the span of a single life. No devisee or heir at law could keep the property of an ancestor unless of the kind that husbands inherited resources. That no law, no government, can destroy, because it is one of the enduring things that lies at the basis of Anglo-Saxon civilization.

TAXING LIFE INSURANCE.

The crudest and the most indefensible part of this bill is that which taxes the income of life insurance companies. I would take every limit off of life insurance—fraternal, social, industrial, mutual, or stock companies doing business on the stockholders' investment or on the mutual plan in the department that many stock companies have. I would take the last dollar of taxation in the form of an income tax from them all.

All life insurance is essentially the same. Fraternal, mutual, or stock associations answer the same purpose and attain the same ends. Fraternal insurance was exempted by the original House bill. This is right. The Senate has added mutual companies to the exemption so far as it might apply to any part of premium deposits actually returned to the policyholders.

Two extraordinary reasons for taxing stock companies are given—some who are owners of stock in share-holding companies have grown wealthy and must be reached; certain policyholders carry very large lines of insurance, and they, too, must be charged with more of the revenue burdens of the country.

Why not reach the owner of the excessive fortune by an income tax and classify policyholders, as long as classes are to be introduced, so as to exempt the insurance intended to shield the family from want in the day when the head of that family can no longer toil for those dependent on him? After an insurance policy rises above the line of protection and becomes or partakes of the nature of an investment it is time enough then to load the premium with this additional tax.

The other reason given is that certain life insurance companies have violated their trust. They have given to campaign funds and have made investments in which the commissions or other features were subject to criticism. Let us admit it. Who ever before tried to correct and remedy a breach of trust by a trustee by inflicting fresh injuries upon the helpless victim? This bill penalizes the beneficiaries of the trust instead of those who violated their duties to the beneficiaries. Why penalize 7,000,000 policyholders in this country for either of these reasons?

"Oh, well," it is said, "but the company will pay it, not the one who buys the insurance." I respectfully beg to differ and say that the company will not pay it. The cost of life insurance depends upon mortality tables. The mortality tables do not depend upon legislation. They are based on a law that comes from the Omnipotent Hand that gives to us our lives. The other large factor in the problem is the rate of interest on fixed investments.

Examine the report of any great life insurance company. The average interest or income will not exceed 5 per cent on fixed investments.

The other item of charge in writing life insurance, outside of the mortality tables and the rate of interest upon fixed investments, is the cost of conducting the business for the policyholders. If the rate of interest were to fall permanently from some cause, the premium measuring insurance cost would rise by an inflexible law. If the average period of human life were shortened from some universal and permanent cause, the cost would rise in obedience to the same inexorable law. If interest rates were permanently to rise above the present figures, or longevity were to increase, the premium, following the same law, would fall to a lower and permanent cost level. To illustrate still further, if a minimum wage scale could be imagined that would arbitrarily double the compensation of every person

employed by the life insurance companies doing business for these 7,000,000 policyholders, it would at once be charged to the premium cost. It would be loaded on the annual payment of premium, and the policyholder in every instance would pay it.

PRESIDENT'S ADDRESS—AFFAIRS IN MEXICO (H. DOC. NO. 205).

The VICE PRESIDENT (at 12 o'clock and 55 minutes p. m.). The hour has arrived when, in accordance with the concurrent resolution of the two Houses, the Senate will proceed to the Hall of the House of Representatives to listen to a communication from the President of the United States.

Thereupon the Senate, headed by the Sergeant at Arms and the Assistant Doorkeeper, and preceded by the Vice President and the Secretary of the Senate, proceeded to the Hall of the House of Representatives.

The Senate returned to its Chamber at 1 o'clock and 25 minutes p. m., and the Vice President resumed the chair.

The address of the President of the United States, this day delivered to both Houses of Congress, is as follows:

Gentlemen of the Congress, it is clearly my duty to lay before you, very fully and without reservation, the facts concerning our present relations with the Republic of Mexico. The deplorable posture of affairs in Mexico I need not describe, but I deem it my duty to speak very frankly of what this Government has done and should seek to do in fulfillment of its obligation to Mexico herself, as a friend and neighbor, and to American citizens whose lives and vital interests are daily affected by the distressing conditions which now obtain beyond our southern border.

Those conditions touch us very nearly. Not merely because they lie at our very doors. That of course makes us more vividly and more constantly conscious of them, and every instinct of neighborly interest and sympathy is aroused and quickened by them; but that is only one element in the determination of our duty. We are glad to call ourselves the friends of Mexico, and we shall, I hope, have many an occasion, in happier times as well as in these days of trouble and confusion, to show that our friendship is genuine and disinterested, capable of sacrifice and every generous manifestation. The peace, prosperity, and contentment of Mexico mean more, much more, to us than merely an enlarged field for our commerce and enterprise. They mean an enlargement of the field of self-government and the realization of the hopes and rights of a nation with whose best aspirations, so long suppressed and disappointed, we deeply sympathize. We shall yet prove to the Mexican people that we know how to serve them without first thinking how we shall serve ourselves.

But we are not the only friends of Mexico. The whole world desires her peace and progress; and the whole world is interested as never before. Mexico lies at last where all the world looks on. Central America is about to be touched by the great routes of the world's trade and intercourse running free from ocean to ocean at the Isthmus. The future has much in store for Mexico, as for all the States of Central America; but the best gifts can come to her only if she be ready and free to receive them and to enjoy them honorably. America in particular—America north and south and upon both continents—waits upon the development of Mexico; and that development can be sound and lasting only if it be the product of a genuine freedom, a just and ordered government founded upon law. Only so can it be peaceful or fruitful of the benefits of peace. Mexico has a great and enviable future before her, if only she choose and attain the paths of honest constitutional government.

The present circumstances of the Republic, I deeply regret to say, do not seem to promise even the foundations of such a peace. We have waited many months, months full of peril and anxiety, for the conditions there to improve, and they have not improved. They have grown worse, rather. The territory in some sort controlled by the provisional authorities at Mexico City has grown smaller, not larger. The prospect of the pacification of the country, even by arms, has seemed to grow more and more remote; and its pacification by the authorities at the capital is evidently impossible by any other means than force. Difficulties more and more entangle those who claim to constitute the legitimate government of the Republic. They have not made good their claim in fact. Their successes in the field have proved only temporary. War and disorder, devastation and confusion, seem to threaten to become the settled fortune of the distracted country. As friends we could wait no longer for a solution which every week seemed further away. It was our duty at least to volunteer our good offices—to offer to assist, if we might, in effecting some arrangement which would bring relief and peace and set up a universally acknowledged political authority there.

Accordingly, I took the liberty of sending the Hon. John Lind, formerly governor of Minnesota, as my personal spokesman and representative, to the City of Mexico, with the following instructions:

Press very earnestly upon the attention of those who are now exercising authority or wielding influence in Mexico the following considerations and advice:

The Government of the United States does not feel at liberty any longer to stand inactive by while it becomes daily more and more evident that no real progress is being made toward the establishment of a government at the City of Mexico which the country will obey and respect.

The Government of the United States does not stand in the same case with the other great Governments of the world in respect of what is happening or what is likely to happen in Mexico. We offer our good offices, not only because of our genuine desire to play the part of a friend, but also because we are expected by the powers of the world to act as Mexico's nearest friend.

We wish to act in these circumstances in the spirit of the most earnest and disinterested friendship. It is our purpose in whatever we do or propose in this perplexing and distressing situation not only to pay the most scrupulous regard to the sovereignty and independence of Mexico—that we take as a matter of course to which we are bound by every obligation of right and honor—but also to give every possible evidence that we act in the interest of Mexico alone, and not in the interest of any person or body of persons who may have personal or property claims in Mexico which they may feel that they have the right to press. We are seeking to counsel Mexico for her own good and in the interest of her own peace, and not for any other purpose whatever. The Government of the United States would deem itself discredited if it had any selfish or ulterior purpose in transactions where the peace, happiness, and prosperity of a whole people are involved. It is acting as its friendship for Mexico, not as any selfish interest, dictates.

The present situation in Mexico is incompatible with the fulfillment of international obligations on the part of Mexico, with the civilized development of Mexico herself, and with the maintenance of tolerable political and economic conditions in Central America. It is upon no common occasion, therefore, that the United States offers her counsel and assistance. All America cries out for a settlement.

A satisfactory settlement seems to us to be conditioned on—

(a) An immediate cessation of fighting throughout Mexico, a definite armistice solemnly entered into and scrupulously observed.

(b) Security given for an early and free election in which all will agree to take part.

(c) The consent of Gen. Huerta to bind himself not to be a candidate for election as President of the Republic at this election.

(d) The agreement of all parties to abide by the results of the election and cooperate in the most loyal way in organizing and supporting the new administration.

The Government of the United States will be glad to play any part in this settlement or in its carrying out which it can play honorably and consistently with international right. It pledges itself to recognize and in every way possible and proper to assist the administration chosen and set up in Mexico in the way and on the conditions suggested.

Taking all the existing conditions into consideration, the Government of the United States can conceive of no reasons sufficient to justify those who are now attempting to shape the policy or exercise the authority of Mexico in declining the offices of friendship thus offered. Can Mexico give the civilized world a satisfactory reason for rejecting our good offices? If Mexico can suggest any better way in which to show our friendship, serve the people of Mexico, and meet our international obligations, we are more than willing to consider the suggestion.

Mr. Lind executed his delicate and difficult mission with singular tact, firmness, and good judgment, and made clear to the authorities at the City of Mexico not only the purpose of his visit but also the spirit in which it had been undertaken. But the proposals he submitted were rejected, in a note the full text of which I take the liberty of laying before you.

I am led to believe that they were rejected partly because the authorities at Mexico City had been grossly misinformed and misled upon two points. They did not realize the spirit of the American people in this matter, their earnest friendliness and yet sober determination that some just solution be found for the Mexican difficulties; and they did not believe that the present administration spoke, through Mr. Lind, for the people of the United States. The effect of this unfortunate misunderstanding on their part is to leave them singularly isolated and without friends who can effectually aid them. So long as the misunderstanding continues we can only await the time of their awakening to a realization of the actual facts. We can not thrust our good offices upon them. The situation must be given a little more time to work itself out in the new circumstances; and I believe that only a little while will be necessary. For the circumstances are new. The rejection of our friendship makes them new and will inevitably bring its own alterations in the whole aspect of affairs. The actual situation of the authorities at Mexico City will presently be revealed.

Meanwhile, what is it our duty to do? Clearly, everything that we do must be rooted in patience and done with calm and disinterested deliberation. Impatience on our part would be childish, and would be fraught with every risk of wrong and folly. We can afford to exercise the self-restraint of a really great nation which realizes its own strength and scorns to misuse it. It was our duty to offer our active assistance. It is now our duty to show what true neutrality will do to enable the people of Mexico to set their affairs in order again and wait for a fur-

ther opportunity to offer our friendly counsels. The door is not closed against the resumption, either upon the initiative of Mexico or upon our own, of the effort to bring order out of the confusion by friendly cooperative action, should fortunate occasion offer.

While we wait the contest of the rival forces will undoubtedly for a little while be sharper than ever, just because it will be plain that an end must be made of the existing situation, and that very promptly; and with the increased activity of the contending factions will come, it is to be feared, increased danger to the noncombatants in Mexico as well as to those actually in the field of battle. The position of outsiders is always particularly trying and full of hazard where there is civil strife and a whole country is upset. We should earnestly urge all Americans to leave Mexico at once, and should assist them to get away in every way possible—not because we would mean to slacken in the least our efforts to safeguard their lives and their interests, but because it is imperative that they should take no unnecessary risks when it is physically possible for them to leave the country. We should let everyone who assumes to exercise authority in any part of Mexico know in the most unequivocal way that we shall vigilantly watch the fortunes of those Americans who can not get away, and shall hold those responsible for their sufferings and losses to a definite reckoning. That can be and will be made plain beyond the possibility of a misunderstanding.

For the rest, I deem it my duty to exercise the authority conferred upon me by the law of March 14, 1912, to see to it that neither side to the struggle now going on in Mexico receive any assistance from this side the border. I shall follow the best practice of nations in the matter of neutrality by forbidding the exportation of arms or munitions of war of any kind from the United States to any part of the Republic of Mexico—a policy suggested by several interesting precedents and certainly dictated by many manifest considerations of practical expediency. We can not in the circumstances be the partisans of either party to the contest that now distracts Mexico or constitute ourselves the virtual umpire between them.

I am happy to say that several of the great Governments of the world have given this Government their generous moral support in urging upon the provisional authorities at the City of Mexico the acceptance of our proffered good offices in the spirit in which they were made. We have not acted in this matter under the ordinary principles of international obligation. All the world expects us in such circumstances to act as Mexico's nearest friend and intimate adviser. This is our immemorial relation toward her. There is nowhere any serious question that we have the moral right in the case or that we are acting in the interest of a fair settlement and of good government, not for the promotion of some selfish interest of our own. If further motive were necessary than our own good will toward a sister Republic and our own deep concern to see peace and order prevail in Central America, this consent of mankind to what we are attempting, this attitude of the great nations of the world toward what we may attempt in dealing with this distressed people at our doors, should make us feel the more solemnly bound to go to the utmost length of patience and forbearance in this painful and anxious business. The steady pressure of moral force will before many days break the barriers of pride and prejudice down, and we shall triumph as Mexico's friends sooner than we could triumph as her enemies—and how much more handsomely, with how much higher and finer satisfactions of conscience and of honor!

THE TARIFF.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 3321) to reduce tariff duties and to provide revenue for the Government, and for other purposes.

Mr. SHERMAN. Mr. President, taxes operate in the same way in life insurance. They are loaded on the premium and must be carried by the insured as certainly as any other cost of carrying a risk. The actuary must compute it as a part of the sum to be charged as the price of solvency to the company and of safety to the insured. The companies now pay a property tax as any other owner does. They now pay, too, over \$12,000,000 annually to the various States of the Union for local charges in fees, licenses, costs of supervision, and the like.

In the sixteenth and seventeenth years of the reign of Queen Victoria Great Britain, by an act of Parliament, allowed her citizens to deduct life insurance premiums from the annual gains and profits of their business subject to income tax to an amount equal to one-sixth of their incomes. This has been the law of Great Britain for over half a century. By an act of Parliament of August 7, 1912, approved and registered, insurance companies, under the insurance act of 1911, are exempted from the income tax levied by that Government. Hol-

land, Russia, and Japan pursue a similar course, I am informed, although I have not had access here to the laws translated so as to examine them personally.

Life insurance is encouraged in the United Kingdom; one-sixth of a taxpayer's gain from his business may be deducted in computing his net income to be subject to tax. The payment of life insurance premium is treated as a voluntary tax and deducted accordingly.

LIFE INSURANCE A PUBLIC BENEFIT.

Life insurance is a protection. It is not bought for pecuniary gain. It ought to be cheapened and made easier. Instead of laying burdens on it the Government ought to exempt it and the companies writing it from taxation. As a shelter for the helpless it has no equal and few substitutes. The uncertainty of life and the certainty of death are problems which face every man. Most men begin life poor. They marry; their wives are dependent upon them; children come into the world, and between the family and want there is only the earning power of the man. The creation of a family at once increases the liability of general society, because if the man fails to support them the risk of becoming public charges arises. Through no fault of the man death often causes him to default on his obligations.

Life insurance is a device by which such defaults may be avoided, a process by which society may be relieved of what ultimately may be a public burden. It capitalizes the future earning power of the head of the family. That it is not an investment in the ordinary meaning of that word is conclusively shown by the fact that men almost never voluntarily seek it. They know that, measured by the standards of business, it means not profit but sacrifice. Life insurance is not an investment; it is a tax, a voluntary tax, by which society is protected and social defaults prevented.

Sound life insurance leaves nothing to chance. There is not so certain a business obligation in the civilized world as the modern life insurance policy. It never trifles with its obligations; it does not guess at how it will pay its obligations. Life insurance takes unorganized life and organizes it; it takes unrelated money, that would otherwise be scattered and lost, assembles it and turns it from all quarters of the civilized world into great financial reservoirs through cooperation, from which States, cities, industrial, and private obligations may draw for their upbuilding and for the support of social obligations.

The average man can understand that large value devoted to certain remedial purposes, such as hospitals, should not be taxed; he can understand why some billions of dollars in this country of value belonging to the various church organizations, devoted both to a remedial and a preventive purpose, ought not to be taxed. The difficulty is to appreciate the fact that in life insurance there is another great accumulation of securities, so wise in its obligation to society, so beneficent in its influence upon the family, so powerful in its assistance to the State, so destructive in its opposition to want, to ignorance, to crime, that its appeal for exemption from further taxation is as much entitled to consideration in this Chamber as any that can come before a legislative body. Instead of being further taxed, it ought to be relieved even of some of the enormous burdens now charged upon the premium paid by the policyholder.

Recently we have heard very much of social justice. It is not a mere phrase to be shouted from the curbstone and shrieked by agitators. Some of them have but east reproach upon it. Mr. Frank Tucker, at the National Conference of Charities and Correction, held at Seattle in June, 1913, defined social justice as a "demand for each individual and each family fit to be a part of the community for certain benefits without which no one should be expected to exist." Living wages, education, housing, food, clothes, health, recreation, insurance, transportation, heat, light, and government are essential to it.

Every life insurance policy of every kind is a step toward social justice. Each new account at a savings bank helps; every building and loan association that builds above the family their own roof forges a new link in the chain of self-support; every new park, every mile of good roads, every sanitation of plague spots, or destruction of slums and sweatshops, prevention of occupational disease, every provision for light, air, safety, and safety appliances, reasonable hours of labor at reasonable wages, and reasonable service for the wage paid are elements in social justice.

The modern industrial worker has the right to ask that he be not killed or disabled or his working years shortened, and that the highest degree of human vigilance be used to that end. The common-law defenses belong to the code of an age that has passed.

When the earning power of the workman no longer shields his family from want society instantly becomes concerned. The taxpayer becomes interested in the solution of the problem, because ultimately there is where the risk may rest, where the liability may be. We are at last their keepers. Liability laws are good; compensation laws are, in some cases, better; industrial insurance is the most effective of all.

Great Britain several years ago started upon an experiment in her industrial insurance. In some States, within the jurisdiction of those sovereignties in local affairs, they, too, are beginning the experiment that will ultimately lead to better social justice. No one would have the hardihood to tax any of these instrumentalities. Below the support and bread line all taxation on any form of income is a gross error.

PROTECT OUR OWN WORKMEN.

Superior to all else in this great industrial army of 30,000,000 people is work here for willing hands. I believe in a Government of regulated individualism; I believe in the responsibility of the individual himself; I believe, further, that he is entitled to our work, our wages, and our own markets, both for his commodities and for his services.

What does it profit us to rear splendid systems of self-help, to sanitize, to safeguard, to insure against disability and death, when the mills are silent and idleness reigns supreme, holding in his hand the sceptered emblem of cheapness? It is vain to talk of social justice unless that mighty army of 30,000,000 American laborers in all the departments of human activity be employed, and that our whole country be at once their market, their workshop, and their home.

BREAKING DOWN CIVIL SERVICE.

Paragraph 6 of the income-tax section appropriates \$1,200,000 for additional employees to carry it into effect, and exempts them all from the civil-service laws. Why is this necessary? Is the list of eligibles under the civil service exhausted, or, perchance, are they unfit? Is the work so difficult as to be impossible of performance unless touched and sanctified as spoils? It is neither. I know what it means, and so do you. It is an assault on the civil service. It is a legislative precedent. If this succeeds, covert paragraphs will soon ornament departmental appropriations every time a supply bill makes its appearance in this Chamber. It is the first break in the dam. If not repaired, the flood behind will force itself through. The Government is now making a valuation of all our railways and the employees to be engaged in this work are under civil-service rules. Why is the income-tax employee exempted? Is any particular ability required other than in other departments?

There are limitations upon the civil service. I do not think that every employee ought to be under its provisions. Those of a highly confidential character, those that handle money or property and immediately represent a superior officer or the head of a department, those who sustain such immediate pecuniary responsibility or that degree of confidence, I think properly ought to be exempted. It is not a universal rule to be applied to every appointive officer in the country, but with sane limitations, as every person understands. There is no such proper limitation in this provision of the bill; it passes away beyond it, and, it seems to me, shows a deliberate intention to violate the spirit of the general act.

DUTY ON FOREIGN BOOKS.

Books printed in foreign languages are made dutiable at 15 per cent. The estimate gives from this source \$150,000 revenue annually. Many provisions of this bill are to be regretted. None other, however, does more than attempt to apply, what its critics believe, an economic error in government. The duty on books in foreign tongues beggars legitimate criticism; it is pitiable. If the free trader in his exalted moments rise to the impossible heights of a world-wide altruism, he is theoretically sublime, though impossible. When he taxes foreign literature, he is practically ridiculous. We are inviting the derision and contempt of the great thinkers in the empire of intellect throughout the world.

A powerful strain in our blood is the German. The German is a law-abiding, an industrious, a thrifty, and a most desirable citizen. He brings with him and continues to use his native tongue. The great literature of his race is not printed here in German; but little type to be used for this purpose is found here. Many of our people learn the German language. French is a cosmopolitan tongue. Many who are native to that language retain it, and many of us acquire it. Italians have come to us. They are industrious, hard working, and saving. The Scandinavian Peninsula has given us generously of her hardy sons. On many a wide field they sow for the coming harvest and serve in many ways the whole industrial life of their adopted country; they and many other nationalities all meet

fully every demand of American citizenship. I have neighbored with all those nationalities named, and with more.

The particular tariff on books printed in a foreign tongue is a tax. No like competitive books are printed to any appreciable degree in this country. I will not vote to burden the immortal tragedies of Dante or of Faust, the poetry of Schiller, the fiction of Balzac, or the drama of Moliere by making them more expensive for those who are able to read them in their mother tongue.

Let us not forget that modern science spoke through Pasteur and Erlich and all that splendid host who have worked in study and in laboratory that science might gain and humanity might have a better world for our "little lives that are rounded with a sleep." So many of them have written the story of their toil and triumph in the foreign tongue they learned from their mother's lips. Knowledge is world-wide. There is no good thought alien to us wherever the brain was born or in whatever accent it falls from the tongue that speaks it. It comes from the "eternal spirit of the chainless mind."

ART SHOULD BE FREE.

The artist's brush and the sculptor's chisel are degraded by the customs duties levied in this bill. All of earth's minted gold can not produce a genius. No sordid hope of pecuniary gain has created the world's great masterpieces. I am opposed to that paragraph of the present law and of this bill. Such productions ought to be forever duty free. We should attract art from every shore. In public or in private it adds to our daily life the intellectual, the beautiful, the spiritual that are part of man's priceless heritage that survives the grave.

The PRESIDING OFFICER (Mr. LEA in the chair). The question is on agreeing to the amendment reported by the committee.

Mr. BRISTOW. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bacon	Hitchcock	Myers	Smith, Ariz.
Borah	Hollis	Nelson	Smith, Ga.
Bradley	Hughes	Norris	Smith, Md.
Brady	James	O'Gorman	Smith, S. C.
Brandegee	Johnson	Oliver	Smoot
Bristow	Jones	Owen	Stone
Bryan	Kenyon	Page	Sutherland
Catron	Kern	Perkins	Swanson
Chamberlain	La Follette	Pittman	Thomas
Chilton	Lane	Pomerene	Thompson
Clark, Wyo.	Lea	Ransdell	Townsend
Clarke, Ark.	Lewis	Robinson	Vardaman
Colt	Lippitt	Saulsbury	Warren
Crawford	Lodge	Shafroth	Williams
Cummins	McCumber	Sheppard	Works
Fall	McLean	Sherman	
Fletcher	Martin, Va.	Shively	
Gallinger	Martine, N. J.	Simmons	

Mr. RANSDELL. My colleague, the senior Senator from Louisiana [Mr. THORNTON], is unavoidably absent. I ask that this announcement stand for the day.

The PRESIDING OFFICER. Sixty-eight Senators have answered to their names. A quorum of the Senate is present.

Mr. BRISTOW. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The Secretary will read the amendment.

The SECRETARY. On page 165, line 19, it is proposed to strike out "\$20,000" and insert in lieu thereof "\$10,000"; in line 20 strike out "\$50,000" and insert in lieu thereof "\$20,000"; on page 166, in line 1, strike out "\$50,000" and insert in lieu thereof "\$20,000," and strike out "\$100,000" and insert in lieu thereof "\$30,000"; in line 3 strike out "\$100,000" and the period and insert in lieu thereof "\$30,000 and does not exceed \$40,000, and 4 per cent per annum upon the amount by which the total net income exceeds \$40,000 and does not exceed \$50,000, and 5 per cent per annum upon the amount by which the total net income exceeds \$50,000 and does not exceed \$60,000, and 6 per cent per annum upon the amount by which the total net income exceeds \$60,000 and does not exceed \$70,000, and 7 per cent per annum upon the amount by which the total net income exceeds \$70,000 and does not exceed \$80,000, and 8 per cent per annum upon the amount by which the total net income exceeds \$80,000 and does not exceed \$90,000, and 9 per cent per annum upon the amount by which the total net income exceeds \$90,000 and does not exceed \$100,000, and 10 per cent per annum upon the amount by which the total net income exceeds \$100,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Kansas.

Mr. BRISTOW. Mr. President, the proposed amendment provides for an income tax of 1 per cent on incomes between \$3,000

and \$10,000. That is the same rate as provided in the pending bill up to \$10,000. The proposed amendment makes no change whatever in the tax on incomes of \$10,000 and less. Under the amendment the tax on an income of \$10,000 on a bachelor—that is, the maximum tax that could be imposed on anyone—would be \$70, the same as in the bill reported by the committee. Under the exemption, if a man had a family of a wife and two children, the tax would be \$50 instead of \$70.

On incomes between \$10,000 per annum and \$20,000 per annum I add an additional per cent over that provided in the bill, making the total tax on the second \$10,000, 2 per cent; so that the tax on an income of \$20,000 per annum under the amendment would be \$270 per annum, while under the committee bill it would be \$170; that is, I add an additional 1 per cent on the additional \$10,000.

On incomes between \$20,000 and \$30,000 I add another 1 per cent, making the additional tax 2 per cent. The amount of the tax on an income of \$30,000 under the proposed amendment would be \$570 a year, while under the committee bill it would be \$370 a year.

On incomes of \$40,000, adding 1 per cent more for each additional \$10,000, the tax would be \$970 per annum under the amendment, while under the committee bill it would be \$570.

On incomes of \$50,000 under the proposed amendment the tax would be \$1,470 per annum, while under the committee bill it would be \$770 per annum.

On incomes of \$60,000 the tax under the amendment would be \$2,070 per annum, while under the committee bill it would be \$1,070 per annum.

On incomes of \$70,000 or more the tax under the amendment would be \$2,770 per annum, while under the committee bill it would be \$1,370 per annum.

On incomes of \$80,000 the tax under the amendment would be \$3,570 per annum, while under the committee bill it would be \$1,670 per annum.

On incomes of \$90,000 per annum the tax under the proposed amendment would be \$4,470 per year, while under the committee bill it would be \$1,970.

On incomes of \$100,000 the tax under the amendment would be \$5,470, while under the committee bill it would be \$2,270. It is a graduated income tax, starting with the same percentage that the committee fixes on all incomes less than \$10,000; and, then, for each \$10,000 that is added to the income there is levied an additional tax of 1 per cent.

There has been some apprehension on the part of those who are opposed to an income tax that this proposition of mine, which I made yesterday, would be extremely radical. The papers this morning said that "Senator Bristow had offered a radical amendment to the income-tax provision of the bill." I submit this question to the Senate: Does the Senate believe that when a man has an income of \$100,000 per annum a tax of \$5,470 for the maintenance of his Government is an excessive tax for him to pay?

There is not a property owner in a city in the United States who does not pay far in excess of that on any business he may have, when you take into consideration his property and license taxes.

The difference between this tax and taxing property as it is taxed in our States, counties, and municipalities is that the man whose property is taxed pays a certain percentage upon his principal. If you have \$20,000 invested in a mercantile business, you are assessed on the \$20,000, and you pay on the \$20,000 whether your business is profitable or not. Even if during a year you have lost money in the conduct of your business instead of making money, you have to pay the tax just the same, while a system of taxation such as this imposes it only upon the men who have the money to pay it. It is not levied on the property investment, but on the actual net income.

The Senator from Mississippi is apprehensive that we shall get too much money. As was stated yesterday by the Senator from Idaho [Mr. BORAH], I do not think it is possible to form any reliable estimate as to how much money this income tax will bring. I have here the estimate submitted in the House report, but the more you study it the less satisfied you are with any estimate that you may undertake to work out.

It is estimated here that there are 100 men in the United States who have incomes of more than a million dollars each per annum, and that those 100 men would pay \$5,826,000 as their income tax under the House provision. That is a mere guess, upon the most superficial information. That must be conceded by all. It is estimated here that there are 178,000 people in the United States who have incomes ranging from \$5,000 to \$10,000 per annum. I think that is the merest guess. We can not tell anything about it. My judgment is—and it is a matter of judgment—that the tax as provided in the bill will

not raise anything like \$70,000,000. I may be mistaken in that. My judgment is not worth any more than that of anybody else, but I do not believe we shall get anything like \$70,000,000 from this tax.

My principal objection to the provision of the bill is that it does not sufficiently assess the men of enormous incomes. The Senator from Mississippi stated yesterday that we ought to start with a simple provision, so as not to have it complicated. This amendment is not any more complicated than the provision in the bill. It simply carries it out in a little more detail and places a heavier burden on those who are more able to bear it.

I trust the Senator from Mississippi will not resist this adjustment of the income tax. It seems to me it is not radical; it is not a dangerous levying of taxes upon the rich; it does not come from an enemy of property. It simply seeks to levy a tax for the maintenance of the Government upon those who are best able to pay it, and it seems to me that no more just system of taxation can be devised.

I submit herewith a table showing the amount of tax under the amendment and the bill:

Tax on incomes to \$100,000.

Incomes and full tax on incomes.	Revenue collected on maximum income in each division. ¹	Revenue collected on maximum income in each division. ²
Up to \$10,000 at 1 per cent.....	\$70	\$70
From \$10,000 to \$20,000 at 1 (income tax)+1 (additional tax)= 2 per cent.....	270	170
From \$20,000 to \$30,000 at 1 (income tax)+2 (additional tax)= 3 per cent.....	570	370
From \$30,000 to \$40,000 at 1 (income tax)+3 (additional tax)= 4 per cent.....	970	570
From \$40,000 to \$50,000 at 1 (income tax)+4 (additional tax)= 5 per cent.....	1,470	770
From \$50,000 to \$60,000 at 1 (income tax)+5 (additional tax)= 6 per cent.....	2,070	1,070
From \$60,000 to \$70,000 at 1 (income tax)+6 (additional tax)= 7 per cent.....	2,770	1,370
From \$70,000 to \$80,000 at 1 (income tax)+7 (additional tax)= 8 per cent.....	3,570	1,670
From \$80,000 to \$90,000 at 1 (income tax)+8 (additional tax)= 9 per cent.....	4,470	1,970
From \$90,000 to \$100,000 at 1 (income tax)+9 (additional tax)= 10 per cent.....	5,470	2,270

¹ Proposed amendment.

² Committee bill.

Mr. WILLIAMS. Mr. President, I have my doubts as to whether or not I ought to take up the time of the Senate, even for a few minutes, at this juncture, but perhaps it will be well to do so.

In connection with everything in this world there is a beginning and an end. The beginning of most things is the motive behind them. The end is the effect which follows. The motive behind the amendment offered by the Senator from Kansas is not revenue. It is a punitive, vindictive motive. It is to punish and take from those who have large incomes, not because the Government needs the money, but because the Government has the power to do it.

The Senator says we can not make a close estimate of how much money we are going to get by the income tax. Admit it; nor could we make any very close calculation as to how much was to come in from the corporation license tax, but we arrived at it pretty closely all the same, and I think we will arrive at this.

The effect of this amendment, if adopted, would be to pile up in the Treasury a lot of money which we would not need. That would be the ultimate effect; and it would encourage extravagance upon the part of the lawmakers and the bureaus of the Government. But the immediate effect would be still another thing. We would have to go back over this entire bill and reduce proportionately the taxes upon consumption which are contained in the bill. We have neither the time nor the ability, to do that in so hurried a manner.

The Senator's amendment has a defect that is even greater than that. He forgets that the very beauty, the chief *raison d'être*, of an income tax consists in its elasticity. During normal times of peace you have a slight tax upon incomes, graduated not with a view of punishing those who have large incomes, but with a view of equalizing the taxes, because of the greater opportunities that people of large incomes have to escape taxation than people of small incomes have. In other words, it is equalized in proportion to ability to pay. Then, when the piping times of peace are past and war times come, instead of having to disturb all domestic business by amending the part of the tax law which affects domestic business directly, purposely, or

incidentally—one of the three—you merely meet in Congress and raise the income tax one-tenth or one-twentieth or one-fourth or whatever you choose, as to the entire scale or as to some parts of the scale, leaving the balance untouched.

One of the virtues of an income tax is that it taxes approximately in accordance with the ability to pay. That is its virtue as far as the payer of the tax is concerned. Its virtue as far as the Government, the payee, is concerned lies in the elasticity of the tax, the ability to raise and lower revenue without disturbing commercial and industrial enterprise.

I do not see any particular sense in adopting the amendment offered by the Senator from Kansas, and I hope it will be voted down.

Mr. BRISTOW. The Senator designates the motive behind the offering of this amendment as a vindictive one that seeks to penalize men of wealth. I deny the statement. I think I have an equitable motive.

Mr. WILLIAMS. It may be necessary for me to say that I did not mean by that to impute any personal purpose to the Senator; but the Senator has a large sympathy with the sort of feeling to which I was referring, and that is that the people who have too much money ought not to have so much.

Mr. BRISTOW. The Senator may know better about what my purposes and feelings are than I do, but I am not willing to admit it. I do think some men have more than their share of this world's power that goes with great wealth; but the purpose of this amendment is to try to distribute with some equality and some equity the burdens of government.

I believe the man who has an income of \$100,000 a year can pay \$5,000 a year tax to the maintenance of his Government without being burdened to any extent or without incurring any great personal inconvenience. He has a vast interest in the enjoyment of which the Government protects him, and I do not believe the Government is imposing upon him any unjust or inequitable burden when it asks him to contribute that amount to sustain the Government.

Mr. WILLIAMS. If the Senator will pardon me, if he wants to carry his last observation to its logical conclusion, he can carry it very much further. He might say that if a man with \$5,000 income pays \$500 tax per annum, leaving him \$4,500, a man with \$100,000 income ought to pay about \$95,500, leaving him \$4,500 per annum. The object of taxation is not to leave men with equal incomes after you have taxed them.

This bill, if the Senator will pardon me a moment, levies a tax of 1 per cent upon people who have incomes or less than \$20,000. It doubles that tax for the next grade. It adds 33½ per cent to the doubling for the next grade following. So this is a graded income tax, and it does attempt to equalize things with a view to correcting what the Senator from Idaho [Mr. BORAH] referred to yesterday, and which is absolutely true—the greater opportunity of men of greater income, whose incomes are generally drawn from bonds, stocks, bills receivable, and various things of that sort, to hide their incomes, as compared with the ordinary man, whose property is in a visible shape and form, and whose income is known to all his neighbors.

I think that is not fair. I do not mean by that, again, that the Senator means to be unfair. I am talking about the Senator's argument and his proposition, and not about him. I do not think it is fair to leave upon the country the impression that we have not made a graduation of the tax in proportion to the increase of the income. I think we have made sufficient graduation. But the main thing is this: If you go ahead, upon your theory, and tax incomes all they can bear in normal times of peace, what are you going to do when war comes?

One of the misfortunes about a tariff tax in war times is that when you meet and raise your tax you decrease your revenue, because war times decrease importations; and, in addition to that, increasing the tax decreases importations, also. So, as an emergency tax, the import-duty system is unworkable, and the most workable system in the world is the income tax. Let us start at a level low enough down to get the revenue which the Government needs, and not any more. Suppose we find out that we have made a mistake, and can not collect quite as much under this tax as we thought we could; We can at the next session levy a tax as quickly as the snap of a finger, in a statute with 10 lines in it, affecting nothing but the income tax, in order to make up the deficit, and to restore the proper relationship between expenditures and receipts.

Mr. BRISTOW. I agree that the bill as formulated provides for a graduated income tax. My amendment carries out exactly the same principle that the bill itself carries out. It provides for a graduated income tax; but I seek to adjust the rates of taxation according to my views in a way that is more suitable to the ability of the taxpayers to meet.

While the bill would impose a tax of \$2,270 upon a man who has an income of \$100,000 per annum, my amendment would impose a tax of \$5,470 upon him. I do not think that is an excessive tax for the man who has an income of \$100,000, as I have said before. I started with exactly the same amount as the bill upon all incomes less than \$10,000; 1 per cent on all above the exemption of \$3,000, or \$70 on the bachelor for the first \$10,000 of income, which is exactly what the committee provides. Instead of going up as slowly as the committee does, and having such large amounts in the graduated steps, I take \$10,000 steps and add 1 per cent for each step, which is very simple. Then, when you reach the maximum, I think it is a very moderate tax.

Mr. BORAH. Mr. President, I understand the Senator from Mississippi to feel that the tax proposed by the amendment of the Senator from Kansas is in its nature a punitive tax, and not based upon the principle of equity; in other words, that it goes too far, and therefore becomes a punitive tax in its nature rather than one constructed with a desire to equalize burdens and secure sufficient revenue. I do not believe there is anything inequitable in it. I am not in favor of trying to equalize the fortunes of this country through taxation. I am not in favor of punishing people who, through one method or another, have acquired fortunes which it is almost beyond man's mental conception to measure. There are other ways to deal with that. But it is a known rule of taxation, and one which we profess to follow, that men ought to pay taxes in accordance with their ability to pay, or pay them on the principle of causing them the least possible inconvenience when they part with their money.

The report on this bill which came from the House contained this statement:

For the fiscal year ending June 30, 1912, the Government derived \$311,000,000 from tariff taxation and \$293,000,000 from internal revenue proper. These taxes rest solely on consumption. The amount each citizen contributes is governed not by his ability to pay tax but by his consumption of the articles taxed. It requires as many yards of cloth to clothe, and as many ounces of food to sustain, the day laborer as the largest holder of invested wealth; yet each pays into the Federal Treasury a like amount of taxes upon the food he eats, while the former at present pays a larger rate of tax upon his cheap suit of woolen clothing than the latter upon his costly suit. The result is that the poorer classes bear the chief burden of our customhouse taxation.

The tax upon incomes is levied according to ability to pay, and it would be difficult to devise a tax fairer or cheaper of collection.

I have here somewhere the estimate of receipts under the present bill, made by the House committee, which gives the customs revenue as \$267,000,000 and the internal revenue as \$322,000,000, making a total of \$589,000,000, while it is estimated that we shall collect \$70,000,000 from incomes. Taking the rule announced by the report, that the consumption tax is paid, I will not say almost entirely, but disproportionately, by the poor people of the country, is it to be said that we are unfair or punitive in our disposition when we undertake to raise the amount from \$70,000,000 when we are already collecting on consumption \$589,000,000?

A short time ago there was an estate probated in this country for \$87,000,000. The man who possessed that estate, in my judgment, did not pay as much tax to the support of the National Government as one of his employees who took care of his building. The employee undoubtedly paid all the way from 5 to 10 or 15 per cent of his annual income into the Treasury of the United States, while the man with the \$87,000,000 estate at that time did not pay nearly so much in proportion to his income, and under this amendment the percentage he would pay would not be in excess of that paid by the laborer who was in his employ.

When we take into consideration the fact that we are collecting \$600,000,000 upon consumption and only \$70,000,000 or \$100,000,000 upon property, can it be said that those who would increase the property tax are seeking to do so solely by reason of a desire to punish some one?

Mr. WILLIAMS. The very men who are now seeking to increase the amount of revenue from the income tax have been seeking throughout this entire discussion to prevent us from decreasing the taxes upon consumption; that is, the tariff taxes upon the necessities of life.

Mr. GALLINGER. And they did not succeed.

Mr. BORAH. The very men who are advocating an income tax have done nothing of the kind.

Mr. WILLIAMS. I say, the very Senators in this Chamber who are now making these speeches, including the Senator from Idaho, who are now asking us to add to the revenues of the Government by increasing the income tax, have been criticizing Senators on this side of the Chamber for decreasing the taxes on consumption, to wit, for decreasing the import duties to a point which, in their opinion, was too low.

Mr. BORAH. Mr. President, one answer which I might make to that is that if it be true, nevertheless it is within the power of the Senator and his majority to decrease the tax upon consumption. You have the votes and it is no excuse that criticism may or may not have been lodged against you.

Mr. WILLIAMS. We have already done so.

Mr. BORAH. Notwithstanding our criticism, it is perfectly within your power to take the tax off clothing, all kinds of clothing, remit it in its entirety, and put them upon the free list. If you are correct in your position that that is the way to serve the people and you want to protect the labor of the country, or the men of limited means, you have the power now to take off that tax and to collect an equivalent amount by adding a percentage to the tax upon these large incomes. Why should you hesitate to do what you claim is justice?

Mr. WILLIAMS. Mr. President, the Senator from Idaho knows that although we have that power, it would be iniquitous, it would be foolish, it would be governmentally absurd, to attempt now to exercise the power to its limit. The Senator knows as well as I know that when you step into a condition where a false and artificial fiscal system exists, upon which industries have been built, you can not all at once remove all taxes upon consumption.

As far as I am individually concerned, I should like to see all revenue raised by the Federal Government by an income tax and by internal-revenue taxes upon things which are either unnecessary or lead to vice. But when the Senator stands in his place and challenges Senators on this side to reduce still further the taxes upon manufactured products in this country, and then later on, or previously to that time, votes against us because in his opinion we have already reduced them too much, I leave him to cure the inconsistency of his own position.

Mr. BORAH. What particular schedule does the Senator have reference to when he says the Senator from Idaho voted against the reduction of the duty upon manufactured goods? What vote? What duty?

Mr. WILLIAMS. Did the Senator from Idaho vote for any of the Democratic bills that were presented here at the last Congress which embodied substantially these schedules?

Mr. BORAH. The Senator made his charge as to this bill. What schedule does he refer to?

Mr. WILLIAMS. The Senator just at this moment is criticizing nothing except the income tax, but here we had during the last Congress Democratic bills that were sent over here from the House, and the Senator, as far as my memory serves me, was in opposition to them by insisting that substitute bills offered by the Senator from Wisconsin [Mr. LA FOLLETTE] and by the Senator from Kansas [Mr. BRISTOW], which raised the duties, should take the place of the Democratic bills which the House had sent here, and the schedules in all those bills were substantially the schedules in this bill.

Mr. BORAH. Mr. President, we will confine ourselves for the present to this bill. What rate on a manufactured article has the Senator from Idaho criticized because it reduced the duty too low? The only criticism which the Senator from Idaho has made in the Senate this year upon this bill is because you did not treat the producer the same as you did the manufacturer.

Mr. WILLIAMS. Did not the Senator during the last Congress—

Mr. BORAH. The Senator asserted that the same Senators who were urging this income tax were the men who were criticizing that side of the Chamber because in this bill you reduced the duties too much. I ask the Senator the schedule the Senator from Idaho voted against where you proposed to reduce the rate on manufactured goods.

Mr. WILLIAMS. Schedule K came from the House of Representatives in the last Congress and in the opinion of the Senator from Idaho it cut the duties too low and the Senator from Idaho voted for the bill offered either by the Senator from Wisconsin [Mr. LA FOLLETTE] or the Senator from Iowa [Mr. CUMMINS], I have forgotten which.

Mr. SUTHERLAND. The Senator from Wisconsin.

Mr. WILLIAMS. He voted for the bill offered by the Senator from Wisconsin reducing the duty on the sugar schedule 33½ per cent. The Senator voted for the bill offered by the Senator from Kansas [Mr. BRISTOW], which reduced it, I believe, about 29 per cent or 27 per cent, something less at any rate. The same situation confronted the Senator in connection with the other House bills sent here, and, so far as I remember, in every case he took a like course.

Mr. BORAH. Mr. President, the Senator has shifted away from the present bill and the charge he really made and desires to discuss what took place in a former Congress. It is true that I voted for the La Follette amendment. In my judgment, the

La Follette amendment did not increase the burden to the consumer. But that is a difference of opinion. In my judgment it was more proportionate; it dealt more fairly as between the producer and the manufacturer. I repeat that the Senator from Idaho has never to his recollection in this bill complained of any reduction which the other side has made upon manufactured articles. It may be that where I voted for an entire schedule that would not be true, but where it was lifted into existence by itself I have not complained of that fact. I urge that the Record will bear me out.

Now, Mr. President, I said in my remarks two weeks ago that I knew it to be a most difficult thing to formulate an income tax, and I have not indulged in any criticism. The amendments which we have offered have been offered in good faith to perfect the income tax, assuming, Mr. President, that if we offered an amendment which really had the effect of equalizing the burdens as we believe they ought to be equalized the majority side would accept it in good grace and in good feeling, and not charge us with merely an attempt to play politics. As I look at it, there ought not to be very much politics in an income tax. If I were playing politics I would want something upon which I could unite the party of which I am a member. When I offered my amendment yesterday I found that I had about as many opposed to me on this side as on the other side, and I think if the caucus rule had been released I would have had fully as many with me on the other side as I had on this side.

There is one other feature of the bill which ought to be considered when we are considering the question of graduation, and that is the corporation tax. It is assumed, and it is argued, that the corporation tax is one of the taxes which is paid by property, by wealth, and does not rest upon the consumer; but we know from experience that that is not true—that a very large proportion of that tax is passed over to the consumer in an additional price upon the articles which he must buy. So when you take into consideration that you are collecting about \$600,000,000 through indirect taxation and a corporation tax, and add those together, we will see that we are collecting a very small portion of this tax from the property of the country. I do not think it is unfair; I do not think it is inequitable; I think it is just and that it ought to be adopted.

Mr. BRISTOW. Mr. President, the Senator from Mississippi [Mr. WILLIAMS] spoke of the opposition which those of us who are advocating an increase in the rate on the large incomes have offered to the reduction of certain duties in this bill. In my opinion, we could go through the bill, and if the Senator thinks this amendment of mine would bring more revenue than the Government needs, cut out duties that are levied upon non-competing articles. Take the tax on bananas.

Mr. WILLIAMS. In other words, the Senator wants to cut out those duties where all the tax goes into the Treasury and none of it goes into the pocket of private individuals.

Mr. BRISTOW. The Senator and I could speak probably all the remainder of the afternoon on the question of protection and free trade. I believe that a protective tariff is a good thing for the country. I do not believe it is a tax for the benefit of special interests or private individuals. I think it is a tax levied for the public welfare, for the purpose of developing our latent resources, and also for the purpose of providing and maintaining good wages for those employed in the production of the various commodities. The Senator seems to think that a vicious system of taxation. We disagree as to that.

But far from criticizing us for undertaking to increase the revenue exorbitantly, I was suggesting to the Senator how I would reduce the revenues on consumption and do it without interfering with the principle that he has laid down frequently in the Chamber; that is, not reducing duties that have been imposed for the purpose of protection more than they ought to be without demoralizing the industries that have grown up under such a stimulus. That can be done very easily by taking the duties off of noncompeting articles.

Mr. JONES. Mr. President, I merely want to suggest that frequently as we have proceeded with this bill the only reason given for retaining certain duties was for the purpose of raising revenue. No suggestion was made that we would disturb business, but that we would have to have the revenue.

Mr. BRISTOW. Yes; the statement has been made time and again. I wish there was some way by which we could get a fair expression of the Senate on this amendment. I am going to ask for a roll call because I want to have it voted upon. I believe it is right. I think it ought to go into this law. The roll call will show that there are fewer Senators who believe in it than the facts would justify, but I do not know any way to induce men to vote for this amendment when they believe it is right, because they seem to be bound by a caucus agreement, which they think it is dishonorable to violate. If in levying

an income tax we are not justified in taxing the man whose income is \$100,000 a year as much as \$5,000 on that enormous income, then the theory of a graduated income tax, which is a theory upon which this bill is framed, is not worthy of consideration.

Mr. NORRIS. Mr. President, if I really thought the Senator from Mississippi [Mr. WILLIAMS] was serious in what is really a veiled charge that those who favor this amendment are not acting in good faith, I would feel considerably grieved. As far as I am concerned, there has been nothing so far proposed in the consideration of the bill that so completely appeals to my sense of justice and right as the amendment proposed by the Senator from Kansas. I have no disposition to legislate against or to criticize the man who is getting a large income. I have no prejudice against a man who is getting a large income. I have no fault to find with him. I do not see any reason why it should be said that because some of us believe that on very large incomes a larger rate of income tax should be charged than the bill proposes it should be said that we are not acting in good faith or that we are not moved by the highest and purest of motives.

Mr. President, every tax is burdensome; we all dislike to pay taxes; but it does seem to me that if we are going to levy an income tax—one that is not connected with the theory or principle of tariff—you may be a free trader or a protectionist, but your idea of an income tax is not affected one way or the other whether you believe or disbelieve in any particular theory of tariff. Though you may disagree on that side from us and favor a tariff for revenue or a free-trade tariff, the reasons that divide us on that proposition do not exist and can not exist when we come to the consideration of an income tax.

It is perhaps one of the fairest and best taxes in theory. It is one that is very difficult to properly administer, but having decided to have an income tax it seems to me that we ought to go into it in good faith, with the idea of getting an income tax that is the fairest and the best we can possibly get, each man acting according to what he believes to be right in the premises.

I regret, therefore, that many men on the other side of the Chamber are bound by a caucus rule which on this question will prevent them from voting their true sentiments and voting for a principle in which they believe. If there was any justification to bind each other together on account of the theory of a tariff bill as to whether it should be a protectionist measure of a tariff for revenue that can not exist when we come to the consideration of an income tax.

The amendment of the Senator from Kansas appeals to me, because the heaviest levy of taxation is made upon the incomes that will feel it the least. The man with an income of \$100,000 can pay a tax of \$10,000 without feeling it nearly as much as the man who has an income of \$3,000 if he is compelled to pay \$5. The Senator from Kansas could have gone much further in levying the tax so that it would fall with least burdensome effect upon those who have to pay it.

Mr. WEEKS. Mr. President—

Mr. NORRIS. I yield to the Senator from Massachusetts.

Mr. WEEKS. During my service in the House at a time when an income tax was being considered a prominent Member of the House was discussing the question of a minimum amount to be taxed. At that time it was proposed to make the minimum \$5,000, and he said he would make the minimum higher than that. When interrogated as to where he would place the limit, he finally said that if he had his way when a man had \$100,000 income he would take a quarter of it; "yes," he said, "I would take half of it"; and added that the citizen would have enough left even if that were done.

Now, I would like to ask the Senator from Nebraska where we are likely to stop in the unequal taxation which is proposed in this income-tax provision, and I think the country would like to know where the limit is to be placed. Are we to adopt the suggestion of the gentleman to whom I refer that eventually if a man has \$100,000 income we will take half of it, on the theory that he will have enough left, or are we to approach this subject in moderation and determine where we can get the most income with the least danger of unduly sacrificing reasonable equality in our system of taxation? Now, where is the limit at which we are to stop?

Mr. NORRIS. In answer to the Senator from Massachusetts I will say that the limit is very easy to determine under the amendment which is offered by the Senator from Kansas. It says that upon the excess of that part of an income above \$100,000 the tax shall be 10 per cent.

Mr. WEEKS. Suppose that next year we need additional revenue, as we shall, are we going to double the limit?

Mr. NORRIS. "Sufficient unto the day is the evil thereof." When we reach that proposition, when we reach the time that

we need a larger assessment, and if I have a vote on it, and if I thought under all the circumstances a larger tax ought to be levied, I would not hesitate to levy it either on the man who has a \$100,000 income or the man who has a smaller income.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Idaho?

Mr. NORRIS. I yield.

Mr. BORAH. The Senator from Massachusetts asks if next year we need more money shall we increase the rate of taxation upon incomes. I desire to ask the Senator from Massachusetts if next year we need more money, and we are already collecting \$600,000,000 from consumption and from \$75,000,000 to \$100,000,000 from the property of the country, would the Senator from Massachusetts increase the tax upon consumption rather than take something from the large estates of the country, which would pay it without ever knowing that they had parted with their money?

Mr. WEEKS. Mr. President, that would lead to a very broad discussion of the principles of taxation, whether it is wise to get more by imposing additional internal-revenue taxes, whether we can impose to better advantage a stamp tax, or some other form of taxation. I should want to take all those questions into consideration in making my reply. But I do think the country wants to know where there is to be a limit to this form of taxation that is to be imposed on incomes, and whether in future we are to assume that when additional revenue is required it shall be raised in this way.

Mr. BORAH. Mr. President, just a word. Undoubtedly the country is interested in knowing how much more taxes we are going to take either one way or the other, but it can not be possible that the country is more concerned about taking an additional tax from the incomes of the country than in not levying a larger tax upon consumption. It can not be said that the country understands that we are inequitable in starting out with the kind of an income tax proposed by the Senator from Kansas when we are already taxing the small incomes of the country, the labor of the country, from 8 to 10 per cent in many instances upon their incomes as the law now stands.

Mr. NORRIS. Mr. President, the question of the Senator from Massachusetts [Mr. WEEKS] could be asked every day upon a proposition to tax anything to raise revenue anywhere. You could ask, Where is the limit going to be? Every man must know that there is no limit, and that when Congress, to meet an emergency, is compelled to raise additional money by taxation, it will find some way to fairly and honestly meet the emergency.

Mr. LODGE. Mr. President—

Mr. NORRIS. In just a moment, if the Senator please. I want to go a little further on that line. I can say the same thing to the Senator. When we come to levy a tax on sugar or cotton manufactured goods or anything else in the schedule, the country wants to know what the limit is going to be.

The country wants to know where you are going to stop. As far as this bill is concerned we are stopping with the amendment of the Senator from Kansas. If that amendment is unjust, if it is unfair, if the rate of taxation for the income of \$100,000 and over is too high, we ought to be honest enough, wise enough, and square enough to cut it down, but if we believe the rate that he has fixed in it is not unfair, that it is just and equitable, then we ought to support it. I support it because I believe that there is not any injustice in it, because I believe it is fair, because I believe it will not be a hardship upon the income of \$100,000 to pay the rate prescribed in the amendment. Now I yield to the Senator from Massachusetts.

Mr. LODGE. I want to ask the Senator if it is not true that there are a great many subjects of taxation on which there is a limit, and that is the limit of probable collection. For instance, take the internal-revenue tax on whisky and beer. There is a point at which if you make the tax sufficiently high our revenue falls off.

Mr. NORRIS. That is true. It is well illustrated in the case of diamonds. If you tax them too high you get no revenue.

Mr. LODGE. It is the same way with an import duty. You can make it prohibitory, as we did in the case of State bank circulation, when by the tax we extinguished the State banks. In a great many cases there is a natural limit on taxation. Of course, in this case there is no natural limit, because unless you have absolute confiscation you can hardly conceive of reaching a point where collection is not possible. The evasion of the tax, of course, can be increased.

Mr. NORRIS. I believe the suggestion the Senator from Massachusetts has just made does not really apply to an income tax because, as he very well says, the same condition does not

apply that would apply, for instance, to the levying of an internal-revenue tax on beer or whisky or diamonds. But every time we are brought face to face with a proposition of levying such a tax it is for us to decide it, and it is our duty to decide it according to the best light and the best judgment that we have. It is no objection to any particular tax to say that at some other day, in some other year, in some other Congress, somebody may want to levy a higher rate. It may be that some other day and in some other Congress some one will want to levy a lower rate of taxation.

Neither in my judgment is it any objection to this amendment that it will raise too much revenue. The Senator from Mississippi [Mr. WILLIAMS] makes an objection on that point. He says they framed this bill along certain lines for so much revenue coming from every available source, and if we increase this income tax they will get more money than they need. If that is true, then it is a vindication of the caucus—that is, that after a chosen few have framed the bill and fixed it up to suit themselves no amendment should be offered, because of necessity it would either raise or lower the amount of revenue the bill would produce.

Mr. WILLIAMS. Mr. President, if the Senator will pardon me, I do not know that we ought to be insulted at being called the chosen few.

Mr. NORRIS. I did not offer it as an insult, I assure the Senator.

Mr. WILLIAMS. We may be few and we may be chosen, but we were at least chosen.

Mr. NORRIS. I think both those statements are true.

Mr. WILLIAMS. We were at least chosen by the American people.

Mr. NORRIS. I admit it.

Mr. WILLIAMS. And we have our responsibilities and we are going to carry them out.

Mr. NORRIS. I have no doubt that you will carry them out, no matter what may happen.

Mr. WILLIAMS. The chosen few happen to be the majority in this Chamber elected by the American people.

Mr. NORRIS. The chosen few who framed the bill are not a majority of the majority, but a very small minority of the majority.

Mr. WILLIAMS. I beg the Senator's pardon. This is the first tariff bill in the history of this country where the bill was submitted to a full and free and fair discussion of every one of the dominant party in a free and fair caucus, where every man could be heard and where they merely obeyed the will of the party.

Mr. NORRIS. It was the first bill, as the Senator says, in the history of the country where the bill was submitted to a secret caucus of the majority members of the House and then to the majority members of the Senate. There never was a Republican bill framed in a caucus and brought out with a claim that therefore it should be adopted without the dotting of an "i" or the crossing of a "t."

Mr. WILLIAMS. There the Senator is mistaken. There never was a Republican bill which was framed by all the Republicans in either House.

Mr. NORRIS. That is true.

Mr. WILLIAMS. However, that is true of this bill.

Mr. NORRIS. I have not contended to the contrary, but there never was a Republican bill that was framed in a secret caucus of the membership, particularly of this body. There were methods used that I condemned as much as the Senator does, and I condemned them when my party was in power. The Senator, however, condemns those measures when his party is in the minority and he defends them when his party is in the majority. That is the only difference.

Mr. WILLIAMS. The Senator never knew a Republican bill framed by what he is pleased to call a secret caucus. I doubt if he ever knew of a Republican bill that was not framed outside of Congress.

Mr. NORRIS. I doubt whether this bill was framed outside of the White House.

Mr. WILLIAMS. Now, if the Senator really means that, of course he knows, and he does not want to go to his constituents as asserting otherwise, that the President has taken no part in framing this bill except in connection with two items.

Mr. NORRIS. Yes; some of the principal items. I do not mean to say that the President went into every detail, or anything of that kind; but on the very important parts upon which there was a very great division of opinion and which were the crux really of the bill, the President, I presume, had more to do with the framing of this bill than any other person, and the caucus simply obeyed his will.

Mr. SMOOT. Mr. President—

Mr. NORRIS. I yield to the Senator from Utah.

Mr. SMOOT. I simply wanted to call the attention of the Senator from Mississippi to the fact that the bill was framed exactly the same as all the other bills have been framed, as far as the Senate is concerned. There have been importers and there have been manufacturers visiting here and visiting the subcommittees and making suggestions, and many of those suggestions have been acted upon and many of them have been rejected. That is the way all tariff bills have been framed.

Mr. NORRIS. Mr. President, I do not want to be diverted by going into the ways various tariff bills have been framed in the past. Since this matter has been brought up, however, I want to say, in passing, that, in my judgment, there never has been a tariff bill framed either by the Republican Party or by the Democratic Party that was framed along scientific lines.

There never has been a method adopted of framing a tariff bill by either party when it was in power that I believe was right. The method pursued in framing this bill is much the same as that pursued in framing all its predecessors. What evidence was taken was taken from men who have a direct interest in the result of the legislation. There has not been either in this instance or heretofore the careful consideration along scientific lines that ought to be given to the making and the framing of a tariff bill.

In my judgment, it only illustrates what has always been illustrated by every tariff bill which has been presented to the Congress for consideration, namely, the necessity, before we can get a scientific tariff bill, of having a nonpartisan, permanent tariff commission to procure and furnish the absolute scientific facts and data upon which a just tariff bill can be built.

But, Mr. President, as I said a moment ago, that has nothing to do with the question now before the Senate. In my judgment, the man with an income of \$100,000 can afford to pay and will pay with less hardship upon himself the amount of the tax provided for in the amendment of the Senator from Kansas than can the man who pays the smallest tax and who has the smallest income. I believe that in fixing the income tax we ought to take into consideration the ability of the men to pay it, and let the burdens—and there are and always will be burdens in taxation—fall upon the shoulders of those who can best afford to bear them and upon those who will feel the effect the least.

Later on in this bill, if the Senator is afraid we are going to raise too much revenue, we will have an opportunity to cut down the revenues somewhat. For instance, we can well extend the exemptions provided in the income-tax section. I notice in this bill that while there is an exemption made in the income of a man who has a wife and two children, there is no greater exemption made for a man who has three or four or five children. We can well eliminate the clause that limits the exemption to families consisting of a man and wife and two children, and let the exemption be unlimited, let the burden fall where it will do the least harm, and where it will require the least exertion to meet it.

Mr. TOWNSEND. Mr. President, some things which the Senator from Nebraska [Mr. NORRIS] has said as reciting what the Senator from Mississippi [Mr. WILLIAMS] has stated makes it perhaps unnecessary for me to say anything, because the Senator from Mississippi has stated, according to the reference of the Senator from Nebraska, one of the reasons why I have felt that we are not prepared, or at least why I am not prepared, to vote for a change in the provisions of this bill so far as incomes are concerned.

I have believed that taxes should be levied only for the necessities of the Government, properly administered. Where the Democratic Party has made an estimate of the expenses that would probably be incurred during the next year and has made provision for raising the revenue to meet those expenses, it would seem that it would be most unwise for the Congress to vote to change the rates imposed in the income-tax section of the bill.

I recognize, of course, that the people of this country have adopted as an amendment to their Constitution, a provision which permits the taxation of incomes. I have no doubt that it is as equitable a method as can be employed for raising revenue; in many respects the most equitable. It is not, however, entirely without some danger. I think the most equitable way to impose a tax, if we are to eliminate the revenue derived from customs, would be to impose a tax upon all the people of the United States in proportion to their ability to pay it.

I myself think, Mr. President, that it may result in some danger to the Republic to provide that all the taxes of the Government shall be paid by a few, because the majority would

not be subject to that tax, and yet they would administer the Government and appropriate the money; they would impose the taxes and incur the expenses of Government.

Extravagance is one of the greatest evils that can come to any nation. I believe that history will disclose that it has been the cause of the destruction of more nations than any other cause. The temptation to extravagance on the part of people who do not meet the expenses of the Government, it seems to me, would be great.

Furthermore, Mr. President, I desire to say briefly, in answer to the statement made by the Senator from Mississippi, that, if he had his way about it, all the expenses of the Government would be raised by a tax upon incomes.

Mr. WILLIAMS. Mr. President, if I may interrupt the Senator to keep him from misquoting me, I said by an income tax and internal-revenue taxes upon those things which are either unnecessary or lead to vice.

Mr. TOWNSEND. I stand corrected. I recall that that is what the Senator said.

Mr. WILLIAMS. And in that connection, if the Senator will pardon me, I will say that the Senator from Idaho [Mr. BORAH], in quoting the amount of consumption taxes at \$600,000,000, neglected to make the statement that about half of the taxes upon consumption were levied upon tobacco, whisky, and wine—internal-revenue taxes.

Mr. TOWNSEND. Mr. President, I have been in favor of a protective tariff because it made incomes possible. I have believed that there would be no incomes of any considerable amount in this country if we were to destroy the protective policy. Provided I and other Republicans are right about that, by its destruction we are going to interfere materially with the business of the country.

I have not felt, Mr. President, that the tariff duties in all cases, or in a majority of cases, so far as that is concerned, taking all things into consideration, impose an additional burden upon the people. If by diversifying the industries in this country; if by increasing the business in all communities, we enlarge the opportunities for men to work and to acquire; if we make it possible for them to secure incomes, we, of course, make it possible for them to pay taxes, which all ought to pay according to their ability to pay.

I submit that no man can be the best kind of a citizen unless he pays his share, no more no less, of the expenses of running the Government. We all feel small if we get into company where the other fellow pays all the bills; and those of us who are of moderate means hesitate about accepting favors from those who are better able to entertain, because we feel that we can not do the fair thing in return. So it is in reference to government itself. The man who helps to support the Government feels more interest in that Government and is a better citizen because he contributes to its support.

I understand, of course, that the income tax is a tax levied upon those who are best able to pay it. It has been adopted by the people, and I am in favor of it, but I submit, Mr. President, that, even so far as an income tax is concerned, I do not care to levy a tax in excess of the needs of government.

I do not know whether or not the rates contained in this bill are proper rates. I do not know that the committee understands how much revenue will be derived, but its estimate is that for the first 10 months under this bill they expect to receive \$58,000,000, which, I take it, will be something like \$70,000,000 during the 12 months.

Mr. SHIVELY. That will be in addition to the present excise tax.

Mr. TOWNSEND. I understand that amount is to be raised from the income tax as provided in the bill. If we increase the rate on incomes without any regard to the amount of tax we are to receive, and the amount shall be in excess of the needs of government, will it not be a temptation to extravagance on the part of the Government? Is it the legitimate province of Congress to levy unnecessary taxes? It is not because I have any objection to the income-tax provision that I question this amendment. I would like to have it more generally distributed; I would like to have it apply to smaller incomes; I would like to know that even the man whose net income is \$3,000 a year pays something toward the expenses of this Government under this tax if all taxes are to be raised from incomes. Increase the rate if you wish on the larger incomes, but make the class of men who pay the tax as large as you can; distribute it equitably over as great a mass of the people as should equitably bear its burden, but be sure that you need the money before you levy it.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Idaho?

Mr. TOWNSEND. I do.

Mr. BORAH. Does not the Senator from Michigan feel that a man who has an income of a thousand dollars a year pays his due proportion of taxes under the present indirect tax system without being taxed additionally?

Mr. TOWNSEND. With the suggestion the Senator has made I do not agree—that there are schedules in the pending bill where the duties on manufactured products are too high. I will say now that if I believed that a protective tariff simply taxed people on consumption, without compensating benefits accruing to the country directly and to him indirectly from it, other things being considered, I would be a free trader; but I do not believe in that doctrine; I do not believe that all tariff duties are necessarily burdens upon the American people.

Mr. BORAH. Mr. President, we have to deal with a situation as we find it. It has been stated repeatedly in this debate that the reason why our Democratic friends have not reduced indirect taxes is because they had to have revenue. That has been repeatedly stated. The majority undoubtedly feel that way, because, believing in a tariff for revenue only, they would reduce duties more if it were not for the fact that they thought that they had to have more revenue. Now, we have offered here a means by which they can reduce them more and test the principle upon which they were elected and put to the country the theory upon which they came into power without any excuse or apology whatever. We offer a means to get revenue. What excuse, therefore, can they have on the ground of revenue for not reducing duties, as they say they would, were it not a question of revenue?

Mr. TOWNSEND. I can understand how that might be a good argument to present to a Democrat, but it is not a good argument to present to me, because I do not believe, as a general rule, that the majority have kept duties too high. I am not in favor of reducing duties so low as to deny proper protection to legitimate American industries.

Mr. BORAH. Mr. President, if the Senator from Michigan had the power to shape this bill, I would feel that I ought to address my argument to him, instead of to the Democratic side; but they are making the bill, and I assumed, when they said that they could not reduce the duties because of the fact that they had to have the revenue, that they would accept in good faith a suggestion as to how to get the revenue. We have presented it, and now they say it will produce too much revenue.

Mr. TOWNSEND. But does the Senator from Idaho have any idea that even if we were to adopt the amendment offered by the Senator from Kansas the Senators on the other side would reduce the duties they have submitted to the Senate? We would have the same duties as are contained in the bill now, whether we increase the income rates or not, and I do not think we ought to unnecessarily increase the revenues. I do not know that anybody has any estimate of how much money would be obtained by the proposed amendment; I do not imagine that anybody knows how much would be raised by it, but certainly it would raise an amount in excess of what the Senators in charge of the bill say is required to meet the expenses of the Government during the ensuing year. Therefore, it seems to me unwise to increase the rates at this time. If there was a proposition now before the Senate to fix rates on incomes without any regard to other revenues which we are proposing to raise in this bill, it would be another proposition, and I would gladly support any properly prepared measure.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. TOWNSEND. I do.

Mr. NORRIS. I should like to ask the Senator, if it is true that he can not vote for this amendment because it would raise too much money, whether the same reasoning would not prevent him, for instance, from voting for a duty on sugar, which the majority has put on the free list?

Mr. TOWNSEND. No.

Mr. NORRIS. Would not that raise more revenue than the Government would need?

Mr. TOWNSEND. But there is a question involved in the sugar proposition that is not involved in this matter. Nobody is pretending—

Mr. NORRIS. I can see, I will state to the Senator, that there is a different theory involved; but, so far as the revenue of the Government is concerned, it seems to me it is the same. I am not arguing that there is not a different principle behind it; I do not want the Senator to understand me as saying that. The theory, however, of protection or free trade is not involved in the particular motion made by the Senator from Kansas, as I understand.

Mr. TOWNSEND. There is where I differ from the Senator. If I thought it was not involved, I should like to consider the proposition; but it seems to me it is inseparably involved with the tariff question before the Senate.

Mr. GALLINGER. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from New Hampshire?

Mr. TOWNSEND. I do.

Mr. GALLINGER. The Senator will recall the fact that the Senator from Mississippi openly declared that if he could have his way he would entirely abolish import duties and raise revenue by an income tax and other similar sources.

Mr. BORAH. Well, Mr. President, may I ask the Senator from New Hampshire a question?

Mr. GALLINGER. Certainly, if the Senator from Michigan will permit.

Mr. BORAH. I know the Senator from New Hampshire is opposed to an income tax—

Mr. GALLINGER. The Senator has no right to make that statement. I expect to vote for the income tax.

Mr. BORAH. Then, I apologize to the Senator; I am very glad to hear that.

Mr. TOWNSEND. I am in favor of an income tax, but I can not say that I am in favor of the amendment as here presented in connection with this tariff bill. I think the exemption is too high; I think we ought to begin lower down, with a very insignificant rate, if you please. You might reduce the rate to one-fourth of 1 per cent; but I should like to increase the number of people who are to be affected by this tax, knowing that they would thereby feel a greater interest in the Government; and especially do I want to do this in view of the statement of the majority that they are expecting the time will come, or may come, when from income and internal revenue taxes they may meet all the expenses of the Government. When, however, that time comes in this country the question of incomes will have solved itself, because when we reach the point that our markets are thrown open absolutely on equal terms to the whole world we will not have the incomes to tax.

Mr. WORKS. Mr. President, I am very much in favor of the amendment offered by the Senator from Kansas [Mr. Bristow]. I favor it because I think it tends to equalize the burdens of taxation. A man with a large income can pay the larger amount imposed upon him as a tax with a great deal less burden than the man who receives a smaller income. If I believed it were intended or would have the effect to penalize the man who receives the highest income, I should be opposed to it, of course.

It is not a crime in this country to be rich; it is not an offense to receive a large income; but we should impose upon the man who receives a large income a greater responsibility and the requirement that he should pay a larger sum to maintain the Government.

I am not at all alarmed by the suggestion of the Senator from Michigan [Mr. Townsend] that we are going to get too much money to run the Government. If there is any danger of that result following, then I should like to see the taxes taken off of noncompeting goods, as proposed in this bill, which is in effect a direct tax upon the consumer. There are ample ways by which we can reduce the amount otherwise to be realized from this bill without injury to anyone and for the benefit of the consumer, and thereby equalize the amount that should be realized from the bill. So I am not very much impressed by that argument.

I am satisfied that it is only a matter of simple justice that the man who receives a large, sometimes a disproportionate, income should be compelled to bear a larger proportion of the burdens of government. There are a great many men in this country, Mr. President—

Mr. WILLIAMS. Mr. President—

Mr. WORKS. Just one moment. There are a great many men in this country at present, and the number is increasing, whose income and the amount of money they have accumulated are a positive burden to them rather than a benefit. If we can take some of that away in such an instance and apply it to the maintenance of the Government, we shall be doing them a favor rather than an injury.

Now I yield to the Senator from Mississippi.

Mr. WILLIAMS. Mr. President, I should infer from what the Senator from California has said that he thinks this bill does not already impose an increased tax on those with the larger incomes. Not only is it true that a uniform ad valorem rate would be a larger tax, measured in dollars and cents, upon the man with the larger income, but it is also true that in the provisions of this bill the rate is doubled and trebled as the in-

come rises. It is doubled at one point of demarcation and trebled at another.

Mr. WORKS. Well, Mr. President, I agree with the Senator from Mississippi that the bill is drawn upon right principles, in my judgment, but I think the proportionate difference between the man who receives a small income and the one who receives a large income is not great enough under the bill as it is now framed. I think the amendment offered by the Senator from Kansas [Mr. Bristow] is very moderate in that respect, so far as it applies to those who receive an income of a hundred thousand dollars or more.

Mr. CLAPP. Mr. President, I listened with a great deal of interest to the Senator from Michigan [Mr. Townsend], and I feel, while I shall cordially support this amendment, and I think the amendment should be adopted, that the Senator from Michigan is entitled to support upon one point, which men rarely get in this day and age. I want to commend him for his courage in advocating the necessity of extending this tax further down the line.

I would not only make the tax heavy against the larger fortunes, because the larger fortunes can bear it, and I would put it on the precise ground that just as in case of war a man who is able to bear arms should go forth and bear arms, so in peace as in war the man who is able to maintain the Government and the burdens of government should bear those burdens.

I quite agree with the Senator from Michigan that there is danger if we leave the minimum amount of taxation too high. Of course, we should leave a certain exemption, as in almost every State, I think, there is an exemption allowed, not as a gratuity, not as an act of kindness or charity, but upon the theory that it is unwise for the public to exhaust the resources of those of limited means, and among other reasons, lest in the exhaustion of their limited resources they become a public burden. That is one of the grounds upon which the exemption rests, not only against taxation but against levies upon execution and writ. If this minimum amount were raised and the burden upon the large fortunes increased, we would then begin, I think, to see in this country a different view with reference to the Public Treasury.

The trouble in this country is that too many people seem to think that the Government is an identity, a person, possessed of income and revenue, out of which an endless and ever-swelling stream can pour, and yet come from no source whatsoever. If I had it in my power, I would reduce the tax at the customhouse to the point where it was only necessary as a matter of keeping alive those industries which require it. The balance of the tax to run this Government I would take directly by a direct tax from the taxpayers, so that the taxpayers would come to more fully realize that every dollar wrung from the Public Treasury for the many propositions that we are to-day besieged to make appropriations for first came from their own pockets. If this were done, it would have the effect in this country to discourage the constant demand upon Congress for appropriations for those things which ought to be done directly by the people themselves, by whom it could be better done than through the function of government. For that reason I would retain the proposition of the Senator from Kansas [Mr. Bristow] as to the man with the big fortune. I want to say that my observation teaches me that it is the men of independent means in this country more than the men of small means who are constantly insisting that great enterprises be taken over by the Government. Those people would then realize that every dollar appropriated by Congress came out of some man's pocket, and they would realize that it came out of their pockets. At the same time I would extend the limit further down, so that a greater proportion of men of moderate means, too, would realize that every dollar that came out of the Public Treasury first came out of their pockets.

Then, commending the courage of the Senator from Michigan, in proportion as you extend this tax down in the minimum amount collected, you would lessen the danger—and no man can shut his eyes to the danger in this country—of unwise expenditure if once we get the theory that only a few are to bear the burdens of taxation.

While I shall most cheerfully support the amendment proposed by the Senator from Kansas, I feel it was due to commend the courage of the Senator from Michigan upon one phase of his remarks.

Mr. GALLINGER. Mr. President, in response to a suggestion of the Senator from Idaho [Mr. Borah], I said that I should vote for an income tax. I had no hesitancy in saying that; but I shall vote for what I conceive to be a proper income tax, a moderate income tax, and I think that the proposition contained in the bill meets that view.

I am very much disturbed over the declaration made by the Senator from Mississippi [Mr. WILLIAMS], and doubtless shared in by other Senators, that, if he could have his way, he would entirely dispense with import duties and raise all the revenues of the Government from internal taxes, incomes, and other means of that kind. In my judgment, if the time shall ever come when that is an accomplished fact, I can see the wreck of the industrial world, so far as this country is concerned; and I shall never give my consent or cast a vote to bring about a condition such as I imagine would result.

This leads me to the further suggestion that, holding to that view, I am opposed to the amendment submitted by the Senator from Kansas [Mr. Bristow], because, in my judgment, it looks to the collection of too large a proportion of our revenues from direct taxation. I appreciate the arguments that have been made that we ought to commence moderately; and if the condition of the country, from war or other calamities or necessities, should require it, we can readily increase the rates of direct taxation.

That is all I care to say about the matter. I never have brought myself to believe that an income tax is an unjust tax, and to-day I cordially give my assent to the proposition that, supplemental to the duties that are imposed in the bill under consideration, an income tax is a very proper mode of raising additional revenue.

I will add that I have thought, along the line suggested by the Senator from Michigan, that we might well commence at a lower point than this bill commences. I believe it will make better citizens of all our people if they contribute something to the support of the Government. But I apprehend that that can not be done under existing conditions. That being the fact, I think the limit set by the committee is as fair as we could reasonably expect.

I wish to add that in saying that I shall vote for an income-tax provision, I mean that I shall vote for it if it is presented to the Senate as a separate proposition. If it is presented to the Senate as a part of the bill under consideration, I shall feel constrained to vote against the entire bill.

Mr. BORAH. Mr. President, the Senator from Michigan [Mr. TOWNSEND] and the Senator from Minnesota [Mr. CLAPP] seem to proceed upon the theory that the man of limited means, the man with an income under two or three thousand dollars, does not at this time pay a sufficient tax to interest him in the question of economy. I differ with them. I think that man feels his tax now and would be quick to support real economy.

Mr. CLAPP. Mr. President, will the Senator pardon an interruption?

Mr. BORAH. Certainly.

Mr. CLAPP. The difficulty with the tax that he now pays, whether he be rich or poor, is that it is an indirect tax which he does not feel and he does not realize that he is paying it, and hence is not watchful as to its expenditure. In proportion as the direct tax is increased in the form of an income tax, it will naturally follow, or it should follow, that the amount of indirect tax that he pays will be decreased.

Mr. TOWNSEND. Mr. President, if the Senator from Idaho will pardon me, my discussion was on the proposition laid down by the Senator from Mississippi [Mr. WILLIAMS], and reiterated by others, that this is the beginning of a plan to abolish all indirect taxes, except, perhaps, internal-revenue taxes, which would not fall upon all of the people, and that we are starting here to-day upon a scheme which probably will endure for years, probably as long as we have taxation. I should like to have it start right. I think the Senator will agree that if there were no other method of taxation than the income tax, that tax should be equitably spread over as many of the people as possible.

Mr. BORAH. I agree with the proposition that if we were collecting all our taxes by direct methods we should begin with a very low exemption. I agree fully with the proposition that every man should contribute something to the support of the government under which he lives. I do not, however, agree with the proposition which seems to be thrown out by the argument of the Senator from Michigan, and so well indorsed by the Senator from Minnesota, that the people who belong to the class which would be exempt are not already bearing a sufficient burden to interest them in the question of economy. I know that there may not be as much pain administered to them as otherwise there might be by reason of the fact that it is an indirect tax; but I think we can administer the pain in some other way than that of putting more taxes upon them.

I desire to quote a statement made by John Sherman, who was not noted as a radical in his day and who was a very

strong advocate of the protective-tariff system. It was made in the last days of his life. I think the declaration which I quote is from a speech, but he reiterates it, practically, in his autobiography.

He says:

The public mind is not yet prepared to apply the code of a genuine revenue reform, but years of further experience will convince the whole body of our people that a system of national taxes which rests the whole burden of taxation on consumption and not one cent on property or incomes is intrinsically unjust. While the expenses of National Government are largely caused by the protection of property, it is but right to require property to contribute to their payment. It will not do to say that each person consumes in proportion to his means. This is not true. Everyone can see that the consumption of the rich does not bear the same relation to the consumption of the poor that the income of the one does to the wages of the other. * * * As wealth accumulates this injustice in the fundamental basis of our system will be felt and forced upon the attention of Congress.

I know that it has been said many times since the income-tax matter came under discussion in the last four or five years that those who are advocating a large exemption are doing so because they are playing to a popular vote. They refuse to answer the proposition that at the present time the same class whom we would exempt are paying in other forms of taxation a larger percentage of their incomes than anyone contemplates levying as a tax upon income. I agree in a measure with the doctrine announced by the Senator from Michigan with reference to protection; but the Senator from Michigan will not contend that there are not many instances in which the burden of the tax does reach the consumer. When you take the duties together with the excise taxes quite enough reaches the consumer.

Mr. TOWNSEND. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Michigan?

Mr. BORAH. I do.

Mr. TOWNSEND. If my attention can be called to any item in the tariff bill where the burdens upon the consumer are not more than offset by the benefits which come from protection of the industry for which the duty is levied, I will vote to put it on the free list. No such item has been called to my attention. If it is called to my attention, as I say, I will vote to put it on the free list.

I have voted for these protective duties on the theory that the maintenance of the industries helped the consumer in this country and every other person in this country by making it possible for him to obtain higher wages and better prices for his products, and thus maintained a better condition of living. If that is not true, if there is a single item that the Senator can bring to my attention as to which it is not true, I desire to vote to put it on the free list.

Mr. BORAH. The Senator says that the tax which does reach the consumer is offset by the general prosperity which it gives to the country. I think that is a correct principle, from the protective standpoint. But it then becomes a matter of speculation as to how much the consumer is benefited by the general prosperity of the country, in which the people who have these large incomes also share. So that which benefits him, the indirect method by which he is aided, is also building up and is beneficial to those whose incomes we now propose to tax. But the amount the laborer, for instance, consumes and uses, in proportion to his income, is wholly disproportionate to the income which we would tax, although the man with the large income gets the benefit of the general prosperity the same as the man with the small income.

Mr. TOWNSEND. If the Senator will permit, I quite agree with that proposition. I do not know of anything that I have said that disputes it. The only difference between the Senator and myself on this proposition is that he would fix, for instance, a rate higher than the committee has fixed, which has recognized the difference between the small income and the large income. The committee has proposed a rate of 1 per cent, for instance, with a maximum of 3, if I remember correctly, or possibly 4. The pending amendment makes that difference greater, and fixes it between 1 and 10.

Mr. WILLIAMS. I just want to correct the Senator for a moment, and incidentally to correct a statement which I made inadvertently awhile ago. The Senator must remember that the normal tax runs clear through, from the lowest to the highest taxable person. Then the additional tax begins at 1, which doubles the normal, and then adds 2 per cent, and finally it gets in 3 additional per cent, which is quadrupling instead of tripling the original tax.

Mr. TOWNSEND. I understood it so.

Mr. WILLIAMS. I made that mistake, and I want to correct it.

Mr. TOWNSEND. I desire to say to the Senator, to make myself clear, that I am not opposing, nor have I said one word that could be construed as opposing, the proposition to make the tax on the larger incomes greater than on the small incomes. The thing I was discussing, obiter dictum—because it is not in the bill, and it will not be considered here—was the question of reducing the exemption, making it still smaller, and the other question as to whether the proposition submitted by the Senator from Kansas to increase the tax to 10 per cent would bring about more justice and subserve the best interests of legislation at this time, all other things considered. Those are the only questions I have been discussing.

Mr. BORAH. As I understand the Senator from Michigan, he desires to reduce the amount of exemption, which of course is not a practical proposition at this time, because he desires to reach a class of people who ought to be reached in order that they may know that they are contributing something to the support of the Government. I agree with the Senator that if we were collecting all our taxes by direct methods, that is a perfectly just and fair proposition. But the point which I make is that the man whom the Senator wishes to reach has already been reached. He is paying more than his proportion now, and one of the very objects of income tax is to equalize burdens, equalize taxes.

Mr. TOWNSEND. Is the Senator, then, agreeing that we have started out on that proposition now, and that we ought to start right by passing this bill? We have adopted a proposition which will eventually lead, according to the Senator from Mississippi—and I believe it is the opinion of Senators generally—that if this is a success it will finally lead—to an abolition of all direct taxes, unless possibly it be the internal-revenue tax; and ought we not to begin right? I thought \$3,000 would be none too low an exemption.

Mr. BORAH. But so long as we are collecting \$600,000,000 a year in the other way we have not really begun to collect our taxes by the direct method. We are collecting about one-eighth of them by the direct method and the rest by the indirect method. When we arrive at the time that we are collecting seven-eighths by the direct method and one-eighth by the indirect method, undoubtedly we should reduce the amount of exemption to a very low figure. But so long as we are not doing that, it can not be justly said that those who are in favor of raising the exemption are doing it through a desire to exempt some people from taxation. We do it upon the theory that we believe it can be demonstrated beyond all question that those people are already paying their proportion of the taxes; yes, far more than their proportion.

One individual in this country is represented to receive an income of \$12,000,000 a year. He lives most of the time abroad. In my judgment, he does not pay as much toward the support of the National Government under the present laws as one of his employees. When this bill shall have passed, even with the amendment of the Senator from Kansas, he will not pay as much out of his income, proportionately, as the man who is working for him.

It is upon that theory that we are in favor of the exemption and not for the purpose of relieving anybody from the burdens which everyone ought to bear in reference to taxation. If I thought that it was untrue that men of limited means are paying more than their proportion I would look at this question of exemption and graduation in an entirely different light.

Mr. SUTHERLAND. Mr. President, when the Senator from Idaho [Mr. BORAH] was discussing this subject a few days ago I took the liberty of suggesting to him substantially the same thing suggested by the Senator from Michigan [Mr. TOWNSEND] this afternoon and concurred in by the Senator from Minnesota [Mr. CLAPP]. I have felt that it was a wise thing to provide in an income tax for an exemption very much lower than that which is provided by this bill. I should not tax the very lowest income that a man earns. I should not begin at \$600, or perhaps at a thousand dollars; but I think it would be very well if the exemption were to begin at \$1,200 or \$1,500—\$1,500 at the outside. The danger of this income tax, as I see it—and I entirely agree with what Senators have said as to the justice of it—is that you will collect your tax from a limited few in number; not in ability to pay, but a limited few in number; and therefore the vast majority of the people of the country, so far as that tax is concerned, will have little direct interest in its expenditure. I think it is a very good thing that a large number of the people of the country should feel an interest in the expenditure of the revenues of the Government, in order that their influence may operate as a check upon extravagant expenditures.

The Senator from Idaho has said that we are already imposing all, or substantially all, our taxes upon consumption, and that it is not a wise thing to do; that we ought to begin to

impose direct taxes. I think the Senator overlooks or ignores the fact that in this country we have a dual system of government. At the same time that the Federal Government is collecting taxes the State governments are collecting taxes. That is a condition which does not exist in many of the countries which have income taxes. Notably, of course, it does not exist in England, and it does not exist in France.

Under the dual system which prevails the bulk of the taxes imposed in the States are of the direct character. They are upon property; they are in some instances upon incomes; they are in more instances upon the estates of decedents, and in various ways they are of the direct form. It is true that the Federal Government, generally speaking, imposes its taxes in an indirect form. But when we come to consider the whole field of taxation, as divided between the two classes of government, I undertake to say that a very much larger sum is raised from the direct form of taxation than from the indirect form.

The proposition made by the Senator from Kansas [Mr. BRISTOW] strikes me as being a great deal more scientific in its classification than that proposed by the bill. It has seemed to me all the way through that there was rather too large a gap between the several amounts upon which the tax is graduated. We jump from \$20,000 to \$50,000, and from \$50,000 to \$100,000. So, as I have said, I think the scale proposed by the Senator from Kansas is more scientific in its character, and I should support it if it were not for one consideration. That is that I do not know, and I do not think anybody knows, how much more the scheme proposed by the Senator from Kansas would put into the Treasury. I should like to know whether it would put into the Treasury an additional fifty million or seventy million or one hundred million dollars, or what it would do, before I give it the assent of my vote. It is estimated by the committee that the tax proposed by it will put into the Treasury about \$70,000,000.

Mr. WILLIAMS. That is the estimate for this year, but it covers only eight months of this year.

Mr. SUTHERLAND. Then it would be more for the full year.

Mr. WILLIAMS. It is estimated that it will be \$100,000,000 a year.

Mr. SUTHERLAND. Yes. If that be true, I should not want to add materially to it. We are not imposing an income tax for the purpose of punishing anybody. We are not imposing it for the mere sake of making it a burden upon anybody. We have no right to impose a tax upon anybody, rich or poor, unless the Government needs the tax; and I am not persuaded that the Government needs any revenue in addition to that which is proposed by this bill.

Another consideration is that in the past this form of taxation has not been indulged in to any great extent by the various States. It has been used to some extent. I do not recall just how many States in the Union impose income taxes, but they are comparatively few in number. Perhaps there are four or five or six or eight of them. I think that has been generally because of the difficulty of collecting such taxes. There has been a sort of feeling that a tax of this kind would be evaded, that it would lead to perjury. There has been a great deal of talk of that sort, and many States have been dissuaded from imposing the tax for those or other reasons. But if the Government of the United States shall impose an income tax which shall prove successful in collection I have no doubt that the various States of the Union, which are continually reaching out for new subjects of taxation and which are continually needing new subjects of taxation, will in a very large measure adopt the income tax as a part of their fiscal system.

Mr. GALLINGER. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Hampshire?

Mr. SUTHERLAND. I yield to the Senator.

Mr. GALLINGER. The Senator is correct in saying that a very small number of the States have imposed income taxes, and I think he is equally correct in saying that for some reason or other they are not made operative. For instance, the State of Massachusetts has had an income tax for a long time, but I think it is safe to say that no money is collected in that State under the terms of that law. I want to add that I hope the Federal income-tax law will be enforced more rigorously than the State income-tax laws seem to be enforced at the present time.

It seems to me the Senator must be misinformed when he says that the tax rate in Massachusetts is imposed upon only 15 or 20 per cent of the personal property. That strikes me as being extraordinary.

Mr. BORAH. If I am mistaken, it is due to a report made by the tax commissioner of Massachusetts.

Mr. GALLINGER. It simply can not be so.

Mr. SUTHERLAND. However that may be—and I do not know what the situation is in Massachusetts—for some reason or other the various States have not favored income taxes in the past. When it is demonstrated, as I believe it will be, that a tax of this character can be collected, and when the disclosures are made that will be made as the result of putting such a law into operation, I have no doubt most of the States of the Union will follow the same form of taxation; and if that be done, nobody can foresee to what extent incomes are going to be taxed. I think it is the part of prudence to proceed with some caution in beginning to formulate this scheme of taxation. As a general feature of revenue taxation it is new in this country. We imposed it at one time as a war measure and at a later time as a part of a general scheme of taxation, but that was soon declared to be unconstitutional, so that it did not become effective. But, so far as its enforcement and operation are concerned, it is substantially a new departure for the Government, and I think it is the part of wisdom to proceed with some degree of conservatism until we shall demonstrate whether we need the additional tax and until we see how far we ought to go in imposing this class of taxation. But, as I say, while I think the general scheme presented by the Senator from Kansas, if the rates had been reduced, would have been preferable to that proposed by the bill, for the reason stated I shall feel constrained to vote against his proposed amendment.

Mr. CRAWFORD. Mr. President, in considering an amendment to a general statute like the income tax it is a little difficult to exclude a general survey of the bill beyond the more narrow question relating to the specific amendment. It may be that if we were to adopt the amendment proposed by the Senator from Kansas [Mr. Bristow] and were to make no corresponding reductions in other parts of the income-tax provision, we would get more revenue than we need. But it seems to me that we ought to adopt the amendment offered by the Senator from Kansas, and we ought to make some corresponding changes that would remove the probability that it would produce an unnecessary surplus. I am not in sympathy with the entire elimination of all distinctions between the character of incomes with which you are dealing. I think it is fundamentally wrong to place the salary which is earned by a professional man, a college educator, a genius who is contributing his service, giving his brain and his ability to serve his fellow men, on the same basis that you put the income that is enjoyed by a favored child of fortune whose parent has left him great property and who is a drone and an idler, doing nothing for his fellow men.

I do not believe we should put as much of a burden upon the income of the first class named as we do upon the income of the other. England does not do it. I was just reading from the work of Prof. Seligman on the Income Tax, where he quotes from Chancellor of the Exchequer Asquith in a budget speech he made in 1907 where he distinguishes between what he calls the earned income—that is, the income that is actually earned by the man following a vocation or practicing a profession—and what he calls the unearned income, which is simply the receipt which some man enjoys from the rental of property inherited by him; and there is a wide distinction made between the two.

If this amendment should carry, I shall offer an amendment which I will ask the Secretary to read. It is hard to discuss one of these amendments alone without its relation to the other feature.

The VICE PRESIDENT. The Secretary will read as requested.

The SECRETARY. On page 172, after line 16, add the following proviso:

Provided further, That in computing net income under subdivision 1 of paragraph A of this section there shall also be deducted the amount, if any, which is claimed and proved by any individual to have been immediately and directly derived from the personal exercise by him of a profession, trade, or vocation.

Mr. CRAWFORD. That is taken from subdivision 3 of section 19, paragraph 7, of the English income-tax law, where they except from the other classification of incomes the income immediately derived by the individual from carrying on or the exercise of a profession, trade, vocation, and so forth.

Just imagine the number of people in the United States who when they leave this earth will practically leave to their families nothing except some life insurance and perhaps a little home, who while they are alive are actively, unselfishly engaged in the practice of a profession—in medicine, surgery, law, teaching. Here and there men earn an income that would be taxable under the first subdivision of the bill, and they are put in exactly the same class with the good-for-nothing idler who is not even an ornament, and who lives to dissipate and waste himself and be an injury to others. The English draw the line there, and I think we ought to draw it there, and if you do

that you will materially reduce the receipts in another direction.

Mr. CUMMINS. Mr. President—

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Iowa?

Mr. CRAWFORD. I do.

Mr. CUMMINS. Simply for information. I supposed that England made a difference between the earned incomes and unearned incomes, but my information has been that the earned incomes were not entirely exempt.

Mr. CRAWFORD. Oh, no; that is true.

Mr. CUMMINS. The Senator from South Dakota would exempt the earned incomes entirely.

Mr. CRAWFORD. Not from the second subdivision. They run up until they come within this additional income provision. They are taxed. I think the Senator will find it so.

Mr. CUMMINS. I did not so gather from the reading of the proposed amendment. Possibly I am wrong about it. Then I understand the Senator from South Dakota simply means to except the earned incomes from the surtax or the additional tax?

Mr. CRAWFORD. Practically all incomes that are earned from the following of professions and vocations and personal efforts I would exempt until they reach the point of the additional tax.

Mr. CUMMINS. You propose that they shall all pay, above \$3,000 up to \$20,000, 1 per cent?

Mr. CRAWFORD. No; I do not.

Mr. CUMMINS. I do not exactly understand what the Senator's amendment proposes.

Mr. CRAWFORD. The purpose of the amendment is to practically exempt these incomes personally earned until they come within the class where you have the graduated tax.

Mr. CUMMINS. That begins at \$20,000. Let me ask if the Senator from South Dakota proposes to make these earned incomes after they reach \$20,000 taxable?

Mr. CRAWFORD. I propose to subject them to this additional tax.

Mr. CUMMINS. But incomes are to be exempt from 1 per cent until they do reach \$20,000?

Mr. CRAWFORD. Yes; the additional tax.

Mr. CUMMINS. It means, then, that all below \$20,000 are to be exempt?

Mr. CRAWFORD. Exactly; where earned in personal service, trade, and vocations where no property income is involved.

Mr. CUMMINS. Does the Senator have any idea about what part of the proposed revenue would be taken away by the amendment?

Mr. CRAWFORD. I only know, as the rest of us, by a general estimate of it. I think it would be considerable, and I think we could well afford to make it up by putting the tax upon the large property incomes and even by securing an additional revenue through an inheritance tax.

Mr. CUMMINS. I am entirely in sympathy with the proposition made by the Senator from South Dakota that there ought to be a difference in the rate of taxing the earned incomes as distinguished from the unearned incomes. I would have to reflect a little before I would be willing to exempt them to the extent suggested by the Senator from South Dakota.

Mr. CRAWFORD. I wanted to get this question before the Senate, and I offered the amendment in connection with the other for the purpose of getting it before the Senate. Mr. President, take a surgeon over at Johns Hopkins or in Chicago, or go out to the hospital where the Mayo brothers operate in Minnesota; take this class of men and see what they are doing for their fellow men, and see what they are contributing every day of their lives to human happiness. These men have large incomes, but many of them spend it like princes and die poor. They give it to charity and benevolence, and contribute of their genius to their fellow men and die poor. You could go into nearly every field where men of that type are serving humanity, and whatever field it may be in which their gifts enable them to serve they enjoy large incomes, but they think little of what they may save and tie up in trusts and leave to their children to spend and waste and dissipate to the fifth generation that may follow them. The men who have this power and who are earning five, ten, fifteen, and twenty thousand dollars a year are a class of men who should be encouraged to go on doing the kind of work they are doing. I think if we must raise the money, if it is necessary, it ought to be raised by imposing an additional tax upon the receipts from dead property.

I am absolutely in sympathy with what has been said about every man carrying his share of the burden. I believe that a man who has only a roof over his family and who is earning their support by manual labor ought to contribute a little something toward the Government. But I tell you he does, and it is

not fair to him to intimate in any manner, shape, or form that he does not. At least, so far as I am acquainted with him he does. He may pay only a poll tax or a road tax or a school tax, or he may work it out on the streets. But I tell you when you come to measure what it means to him in loss of time and in whatever way he does it, you need not worry about his not doing his share. If he lives in the country, he is paying a civil township tax and he is paying a road tax and he is paying a school tax in the little township in which he lives. If he is living in a village or a municipality, he is contributing to that and he is contributing to the State. He is not drawing a fine distinction when he is making these payments as to whether it is going into the township fund or into the county fund or into the school fund or into the State fund or into the Federal Treasury. As a simple, honest soul who is serving his generation in his way he is contributing to the extent he ought to be asked to contribute to the orderly support of government, and he does not divide it with nice distinctions.

I am not worried about such a man being benumbed and indifferent and reckless and anxious to waste the public money because he thinks somebody else is paying the bill. I have no fear of that whatever. I think I know that man too well in this country to have much fear that there is danger from him.

I am in favor of this amendment, and I am in favor of placing in this statute a distinction such as there is in the English statute. I believe we ought to do it. It is not with the idea that we should make some attack upon great estates and great incomes for the purpose of having a redistribution of wealth here, but we must all know and understand that there is a feeling, and a sincere feeling and a well-founded feeling, in the country that they do not bear as large a proportion of this burden as they ought. I do not think they do. I do not believe that we are imposing any unfair and unjust burden upon them by an amendment of the kind and character of the one I offered. If the committee thinks it ought to be examined carefully for the purpose of having it weighed in its relations to other provisions of the bill and put into the framework so that it harmonizes with its purposes, I think myself it ought to go to the committee for that purpose. I do not believe it is a matter so hedged about with difficulty and impossibility that the committee can not take it and put it into the bill. Change the rate if you think it is wrong, but put it into the bill and say in this legislation that we distinguish the difference between the earning power of an active force for service in society and the income from dead property.

Mr. BRANDEGEE. I should like to have the Secretary read the amendment offered by the Senator from South Dakota [Mr. CRAWFORD] once more so that I can note it accurately.

The VICE PRESIDENT. The amendment will be read.

The SECRETARY. On page 172, after line 16, add the following proviso:

Provided further, That in computing net income under subdivision 1 of paragraph A of this section there shall also be deducted the amount, if any, which is claimed and proved by any individual to have been immediately and directly derived from the personal exercise by him of a profession, trade, or vocation.

Mr. TOWNSEND. I should like to ask the Senator from Kansas [Mr. BRISTOW] if he has made any estimate as to how much revenue his amendment will produce?

Mr. BRISTOW. I have said that I do not know. No one can tell. My judgment is that the estimate of the committee in the report that the proposed law will bring \$70,000,000 in revenue is extravagant. I do not think it will bring anything like \$70,000,000. My guess would be that this amendment of mine would bring from \$70,000,000 to \$100,000,000, somewhere near that amount; but, of course, the committee that prepared this estimate would disagree with me.

There is no data upon which you can base an estimate with any accuracy. To illustrate, it is estimated here that there are 100 people in the United States with an income of over \$1,000,000 per annum. As to how much more than \$1,000,000 per annum or whether there are 100 or less is an estimate that must be based upon very inaccurate information, because there is no reliable information that is available.

Mr. BORAH. Not only that, but so far as this surtax is concerned it must all be collected upon the showing of the man who is going to pay the tax. It is not collected from the source; it must be collected upon his showing that he has an income of that kind. In estimating this revenue upon the income which he has you fall far short when you come to get the money from the income which he will turn in.

Mr. TOWNSEND. My object in asking the question of the Senator from Kansas was to find out whether he had taken any steps to determine what change his amendment would make in the revenue proposed by the bill. It would seem to me that

that is quite an important matter. It is a decisive matter with me, and I should like to have some information on the subject. I thought possibly the Senator might be able to make at least a fairly accurate estimate of the amount.

Mr. BRISTOW. It is absolutely impossible for any man living to make an accurate estimate. Experience is the only thing that will determine it, because, just as the Senator from Idaho [Mr. BORAH] has stated, and it is in harmony with our experience when we collected the income tax during the war, it is a tax which men seek to evade. It is a difficult tax to collect. There is no doubt but that it is the most difficult tax to collect that we levy.

Mr. TOWNSEND. Suppose the bill with the Senator's amendment should produce \$200,000,000 instead of \$70,000,000 or \$100,000,000, as estimated by the committee, would the Senator still insist that the amendment ought to be adopted?

Mr. BRISTOW. I think that is an absolutely ridiculous presumption. There is nobody who has studied the question for an hour who would believe that it would produce any such amount.

Mr. ROOT. Mr. President, I think the Senator from Kansas [Mr. BRISTOW] is unduly pessimistic about the collection of the income tax. I think the experience of the countries that have had an income-tax system for a considerable period is that gradually, year by year, it becomes easier and easier to collect. I do not think it is going to be such a difficult tax to collect. With the provisions for payment and with the gradual placement of the comparatively small number of persons who are to pay a surtax, I think that we may reasonably expect that within a short period the income tax will be readily and easily collected with but little injustice and but little injury or inconvenience to the people who have to pay it.

I quite dissent from the idea that the income tax must be permanently and continuously a vexatious and inquisitive and perjury-breeding measure.

Mr. BRISTOW. The Senator from New York has assumed that I said that the collection of the tax would be a permanent difficulty. I did not go that far; but the Senator from New York knows that when we were collecting the income tax during the Civil War it was a very difficult tax to collect. I agree with the Senator that in countries where it has been a continuous system of taxation year by year they have greatly improved the methods of taxation until they have developed by experience a system that has become satisfactory.

Mr. ROOT. May I say one other thing? I do not take so much interest in these questions about just how the gradation shall be established, because I think we are entering upon a new field for us and we have got to get experience; we have got to find out how this provision and that provision and this rate and that rate will work and what the result will be. I do not know but the arrangement which the committee has reported is just as good an arrangement to begin on as any other. One thing we can be sure of is that after a few years we shall know a great deal more than we do now, and we shall probably have to perfect, modify, and improve a great many of the provisions of the law. I do not really feel as if it were particularly useful to try to get a finality in what we are now doing here. We can get that only as the result of experience.

Mr. CUMMINS. Mr. President—

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Iowa?

Mr. BRISTOW. I yield.

Mr. CUMMINS. The Senator from Kansas very properly refuses to be led into an estimate that he is willing to authenticate; but, assuming that the bill before us will produce \$70,000,000 a year or \$100,000,000 a year, it is easy to see that the amendment suggested by the Senator from Kansas will not lead us into any wild accumulation of money. For instance, the tax on incomes up to \$10,000 remains the same. Our observation teaches us that very much the larger aggregate of incomes in this country is made up of incomes of \$10,000 or less. Therefore, we begin the estimate, I think fairly, with the assumption that more than half, I would say—it is purely an estimate, of course—but I would say three-fourths of all the taxes upon incomes remain the same under the amendment of the Senator from Kansas as in the bill reported by the committee. Then the increase runs in this way: From \$10,000 to \$20,000 the tax would be \$270 under the amendment and \$170 under the bill, and so on. If, therefore, it can be assumed that the bill will raise \$70,000,000 or \$100,000,000, it can justly be assumed that the amendment will not increase the entire collection beyond a fair contribution to the Treasury of the country.

Moreover, Mr. President, if the Senator from Kansas will yield to me a moment further, the important thing here is to fix the ratio of tax correctly in the beginning; that is far more important than to fix the amount of the collection correctly in

the beginning. If the distribution of the burden under the amendment proposed by the Senator from Kansas is fairer and better than is the distribution as proposed by the committee, we ought to adopt it, for if it be found by experience that it raises more money than we need it is the easiest thing in the world, in the light of that experience, to reduce the percentage of taxation upon each of these classifications; but if we begin with the adoption of an unwise proportion we shall find it much harder in future to change that proportion. Therefore it seems to me that every consideration leads to the adoption of the amendment, provided we believe that the distribution is better in the amendment than it is in the bill. I believe it is better.

If I had my way about it, I would make the disparity still greater than in the amendment; that is to say, I would make the lower tax lower and the higher tax higher than here. The Senator from Utah [Mr. SUTHERLAND] suggested an important fact, and it was emphasized by the Senator from South Dakota [Mr. CRAWFORD]. The tax levied by the Government of the United States here is a pittance as compared with the taxes which the people of this country must pay. In my own municipality—and I have vast pride in it; I think it is as well governed, as well regulated a community as can be found in the country—the tax last year was something like 2 per cent on the value of all the property. That was made necessary because we are a progressive community and we expend a large amount of money in order to bring to the people those advantages and benefits which come from great development. Here when it is proposed to levy a tax of 10 per cent, not upon the value of property, but upon the income of property of those who enjoy incomes of more than a hundred thousand dollars, it is characterized as radical and as indicating a feeling of enmity toward those who possess such incomes. That charge is unjust and unfair. It is a very moderate, conservative suggestion, as I look at the whole subject.

And, again, may I remind the Senator from Michigan and the Senator from Minnesota—

Mr. SUTHERLAND. Mr. President, I caught rather imperfectly what the Senator from Iowa said. I do not know whether he was referring to something I had said or not.

Mr. CUMMINS. I was referring with great commendation to something the Senator from Utah had said, namely, that under our dual system of government the taxes paid for the support of the Federal Government constitute but a small part of the general burden of taxation.

Mr. SUTHERLAND. To that part of it, of course, I have no objection. I am always glad to have the commendation of the Senator from Iowa, but it was a subsequent remark to which I referred.

Mr. CUMMINS. I did not attribute that to the Senator from Utah.

Mr. SUTHERLAND. I misunderstood the Senator from Iowa. Of course I did not say, and I did not mean to say, that this amendment had been proposed in any spirit of enmity. I know better than that.

Mr. CUMMINS. I did not impute that to the Senator from Utah. I was not impressed with the suggestion of the Senator from Michigan [Mr. TOWNSEND], which was commended so highly by the Senator from Minnesota [Mr. CLAPP]. There is a higher duty that rests upon every citizen than the duty to pay taxes or contribute to the expenses of his Government. If our Government is to continue and our institutions endure, there is one duty which every citizen ought to perform, and perform well, that, in my judgment, stands high above the duty of contributing to organized society in the way of taxes. That duty is to be a good citizen; it is to be moral and upright and fairly prosperous. That duty is, if he be the head of a family, to provide for that family, to clothe the family, to educate the family, and to train it and prepare it to take a useful place in a country like ours. My limit upon taxation is fixed by that consideration. I do not believe that an income tax should be levied upon any incomes fairly necessary to enable the citizen to discharge the duties of citizenship, to clothe himself and feed himself—to clothe himself well and feed himself bountifully—to give to all those who are dependent upon him every fair and reasonable opportunity so to equip themselves that they can as they come into maturity discharge their duties with fidelity and intelligence. Our country absolutely depends upon the performance of this duty on the part of the citizen.

It is unnecessary for me to say here just where the taxable limit is. I am satisfied with the limit of this bill. I do not think it ought to be much less in the beginning, at any rate; but, whatever it is, my standard would be the amount that would enable a man properly to care for himself and for his family and fit all those who depend upon him to discharge the

duties of citizens of this country as those duties ought to be discharged.

Mr. BRISTOW. Mr. President, responding to the inquiry of the Senator from Michigan [Mr. TOWNSEND], I will say that I took up the figures which have been given us by the committee and undertook to make an estimate; but I soon came to the conclusion that the estimate was purely a guess. However, in order to compare the influence of this amendment on those estimates I will make a brief explanation.

It is estimated in the report of the Finance Committee that there are 425,000 persons in the country who will be subject to the income tax. Of these 425,000 persons the committee estimates that 304,000 have incomes of less than \$10,000 per annum. Upon the income of those 304,000 there is no increase in the tax in the amendment I have proposed; it is just the same. It is also estimated that there are 77,000 who have incomes between \$10,000 and \$20,000 per annum.

Mr. TOWNSEND. In the Senator's amendment does he have a tax on incomes less than \$10,000 a year?

Mr. BRISTOW. Oh, yes.

Mr. TOWNSEND. What is the minimum?

Mr. BRISTOW. Three thousand dollars a year is the minimum.

Mr. TOWNSEND. The Senator begins at \$3,000?

Mr. BRISTOW. Yes. The bill proposes a tax of 1 per cent on all whose incomes are less than \$20,000 and above \$3,000. In my amendment I leave that the same as is provided in the bill up to \$10,000. The amount of the tax is 1 per cent on all incomes under \$10,000 and above \$3,000; that is, on those who are not married. Where they are married it is \$4,000; and where they have a family of two children or more the exemption is \$5,000 a year. I leave that just as it is in the bill.

As I was saying, the committee estimates that there are 77,000 persons whose income is between ten and twenty thousand dollars a year. In that bracket I add \$100 additional to the committee bill. The committee bill imposes a tax on those whose income is \$20,000 a year of 1 per cent on all over \$3,000, or \$170 per annum, while my amendment would impose a tax of 1 per cent on all under \$10,000 and above \$3,000 and 2 per cent on all between \$10,000 and \$20,000, making \$270 per annum. If you add \$100 per annum, which is the increase that I make, to the 77,000 you would have \$7,700,000 additional; but, of course, there would not be anything like that much added, because the income of all would not be the maximum of \$20,000. If the income is only \$11,000 per year, there would be but \$10 additional added to the income tax collected from that individual over that provided by the committee bill; and if it is \$15,000, there would be 1 per cent of \$5,000, or \$50 more added. So that there would not be anything like \$7,000,000 more collected in that bracket.

The highest rate imposed is the tax on incomes of \$100,000 and over per annum. Under the bill as it comes from the committee the tax on incomes of \$100,000 is only \$2,270. I make it \$5,470. The committee estimates that there are 100 persons with an income of more than a million dollars. Under the bill if a person has an income of a million dollars, he would pay \$38,270 per annum tax, while under my amendment he would pay \$52,235 per annum tax, or \$13,965 more. So running through hurriedly it appears that the amendment would increase the estimated revenue, as nearly as can be ascertained, about \$30,000,000 or \$35,000,000 more than the amount estimated by the committee. Believing that the estimate here is too great, my judgment is that, with my amendment adopted, the collection would be somewhere between \$70,000,000 and \$100,000,000. So that the apprehension that we are likely to have much more money than we can use is entirely groundless. I might also add that if in the judgment of the committee we are getting more revenue than we need, why not take the duty off some of the noncompeting articles?

In going through this bill there has been article after article, commodity after commodity, taken off of the free list and put on the dutiable list in order to get revenue. Articles that have been on the free list for years are transferred to the dutiable list for the purpose of collecting additional revenue. Let us put those back on the free list, where they were, and get the additional revenue in this way. It is certainly more equitable.

The Senator from Michigan [Mr. TOWNSEND], the Senator from New Hampshire [Mr. GALLINGER], and others seem to be apprehensive that this is a menace to the protective system. Indeed, I might say—and I believe I am justified in saying—that the protected interests of this country, or a large number of them, have fought an income tax because they believed it would be a menace to the protective system. I believe I am as firmly convinced that the protective principle is a wise and just policy as is the Senator from Michigan or the Senator

from New Hampshire. But it must be administered in a just and equitable way or it is not a wise and a beneficent and a just policy. When you undertake to perpetuate an injustice because it has been injected into our laws under the protective policy which we support and indorse you do an injustice to the protective policy and you weaken it and discredit it with the American people.

Every Senator who has spoken here this afternoon has declared that he is in favor of an income tax. The only objection that has been made to this amendment is that there is danger of imposing too great a burden upon the rich men of the country. Yet no one will contend that this amendment imposes an unjust burden upon the rich men of the country. I have not much patience with the argument that we ought not to impose a proper tax because in the future some one may impose an improper one. If there is anyone who believes that a man with a net income of \$100,000 a year will be unjustly burdened because the Government believes he ought to contribute \$5,000 a year to maintain his Government, I should like to have the Senator get up and make an argument from that point of view. That is what is proposed here, and nothing more.

The junior Senator from Massachusetts [Mr. WEEKS] says the country wants to know where we are going to stop. I am not worrying about where we are going to stop. I believe in a republican form of government. I believe the American people are capable of self-government. I believe their purpose is to do what is right to every citizen. The American people as a whole would not do an injustice to a rich man any quicker than they would to a poor man. Some men may think that is an optimistic view to take, but I believe it is a correct one. I would rather trust the honesty of the American people as a whole in dealing with a rich man than to trust a good many of the rich men in their dealings with the American people.

If there is any prejudice in this country against the rich, it is because the rich have not been just in their dealings with the public. There is no fundamental prejudice in the Anglo-Saxon race against property or the rights of property. It is the very basis upon which every Saxon nation has been built in the history of our civilization. Yet here in this, the most enlightened Nation of all, in my opinion, we are afraid to enter upon a system of taxation which England has been following for years, because, forsooth, the American people may confiscate the property of their well-to-do citizens. Such a suggestion is abhorrent to me.

Do they do injustice to the rich in our system of taxation in the States or the municipalities? An income tax such as is proposed in this amendment is the most equitable tax that can be imposed. We tax the property in our towns for the benefit of the community to make public improvements, and the man who owns property pays the tax. The man who is running a dry goods store pays his tax. Even if he loses money during the year he has been in business, he has to pay the tax just the same. He contributes that much to the welfare of the community. But in my experience I have not known a State or a community, county, or municipal, where the people have undertaken to confiscate property or impose unjustly upon the well-to-do men of the community. The fact is that the rich men pay less, in proportion to their ability to pay, in almost every community in this country of ours than do the men of moderate means. The burden of maintaining the municipal and State governments rests very largely upon the men who would not come within the provisions of this amendment. The great majority of the taxable property in the community of every Senator here belongs to men whose incomes do not reach \$5,000 a year; and these men bear the burden of their local taxation.

In endeavoring to work out this amendment I have tried to be conservative and just, so that no man could say it was a radical measure, and no man has declared here that it was an unjust measure. The only objection to it has been from those who were afraid that in the future somebody else might do an injustice.

Mr. WILLIAMS. Mr. President, I should like to have a vote now, if Senators are through discussing the amendment.

The VICE PRESIDENT. The question is upon the amendment proposed by the Senator from Kansas [Mr. BRISTOW].

Mr. BRISTOW. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CHILTON (when his name was called). I have a general pair with the junior Senator from Maryland [Mr. JACKSON]. In his absence, I withhold my vote.

Mr. McCUMBER (when Mr. GRONNA's name was called). My colleague is necessarily absent from the Senate. He is paired with the junior Senator from Illinois [Mr. LEWIS].

Mr. LEWIS (when his name was called). I beg to state that I am paired with the junior Senator from North Dakota [Mr. GRONNA], and therefore withhold my vote.

Mr. McCUMBER (when his name was called). I have a general pair with the senior Senator from Nevada [Mr. NEWLANDS]. As he is absent, I will withhold my vote. Were I at liberty to vote, I should vote "yea."

Mr. MARTIN of Virginia (when the name of Mr. SMITH of Maryland was called). The senior Senator from Maryland [Mr. SMITH] is unavoidably absent. He is paired with the senior Senator from Vermont [Mr. DILLINGHAM].

Mr. STONE (when his name was called). My colleague [Mr. REED] is absent on business of the Senate. He is paired with the senior Senator from Michigan [Mr. SMITH]. Has the senior Senator from Wyoming [Mr. CLARK] voted?

The VICE PRESIDENT. He has not.

Mr. STONE. In accordance with my general pair with that Senator, I will withhold my vote. If permitted to vote, I should vote "nay."

Mr. SUTHERLAND (when his name was called). I inquire whether the senior Senator from Arkansas [Mr. CLARKE] has voted?

The VICE PRESIDENT. He has not.

Mr. SUTHERLAND. I have a pair with that Senator, and therefore withhold my vote.

Mr. THOMAS (when his name was called). I have a general pair with the senior Senator from Ohio [Mr. BURTON]. I therefore withhold my vote.

Mr. TILLMAN (when his name was called). I have a pair with the junior Senator from Wisconsin [Mr. STEPHENSON], and therefore withhold my vote.

Mr. TOWNSEND (when his name was called). I desire to announce that the senior Senator from Michigan [Mr. SMITH] is absent from the Senate on important business. He is paired with the junior Senator from Missouri [Mr. REED]. I desire this announcement to stand for the day.

The roll call was concluded.

Mr. CHILTON. I transfer my pair with the junior Senator from Maryland [Mr. JACKSON] to the junior Senator from Arizona [Mr. SMITH] and will vote. I vote "nay."

Mr. BANKHEAD. I transfer my pair with the junior Senator from West Virginia [Mr. GORE] to the senior Senator from Louisiana [Mr. THORNTON] and will vote. I vote "nay."

Mr. GALLINGER. I inquire whether the junior Senator from New York [Mr. O'GORMAN] has voted?

The VICE PRESIDENT. He has not.

Mr. GALLINGER. I have a general pair with that Senator. I transfer it to the junior Senator from Maine [Mr. BURLEIGH] and will vote. I vote "nay."

Mr. THOMAS. I transfer my pair with the senior Senator from Ohio [Mr. BURTON] to the junior Senator from Nevada [Mr. PITTMAN] and will vote. I vote "nay."

Mr. FLETCHER (after having voted in the negative). I am paired with the junior Senator from Wyoming [Mr. WARREN]. I transfer that pair to the junior Senator from Tennessee [Mr. SHIELDS], and will allow my vote to stand.

Mr. GALLINGER. I have been requested to announce that the senior Senator from Delaware [Mr. DU PONT] is paired with the senior Senator from Texas [Mr. CULBERSON]; that the junior Senator from North Dakota [Mr. GRONNA] is paired with the junior Senator from Illinois [Mr. LEWIS]; and that the junior Senator from Maryland [Mr. JACKSON] is paired with the senior Senator from West Virginia [Mr. CHILTON].

Mr. BACON. I inquire whether the senior Senator from Minnesota [Mr. NELSON] has voted?

The VICE PRESIDENT. He has not.

Mr. BACON. I have a general pair with that Senator, and therefore withhold my vote.

The result was announced—yeas 16, nays 46, as follows:

YEAS—16.

Borah	Crawford	La Follette	Poindexter
Brady	Cummins	Norris	Sherman
Bristow	Jones	Page	Sterling
Clapp	Kenyon	Perkins	Works

NAYS—46.

Bankhead	Hughes	Overman	Smith, S. C.
Bradley	James	Penrose	Smoot
Brandeggee	Johnson	Pomerene	Swanson
Bryan	Kern	Ransdell	Thomas
Catron	Lane	Robinson	Thompson
Chamberlain	Lea	Root	Townsend
Chilton	Lodge	Saulsbury	Vardaman
Colt	McLean	Shafroth	Walsh
Fletcher	Martin, Va.	Sheppard	Weeks
Gallinger	Martine, N. J.	Shively	Williams
Gore	Myers	Simmons	
Hollis	Oliver	Smith, Ga.	

NOT VOTING—33.

Ashurst.	Fall	Newlands	Stephenson
Bacon	Goff	O'Gorman	Stone
Burleigh	Gronna	Owen	Sutherland
Burton	Hitchcock	Pittman	Thornton
Clark, Wyo.	Jackson	Reed	Tillman
Clarke, Ark.	Lewis	Shields	Warren
Culberson	Lippitt	Smith, Ariz.	
Dillingham	McCumber	Smith, Md.	
du Pont	Nelson	Smith, Mich.	

So Mr. BRISTOW's amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I offer the following amendment.

Mr. BRISTOW. Will the Senator from Wisconsin yield to me for just a moment?

Mr. LA FOLLETTE. For what purpose?

Mr. BRISTOW. I wish to get permission to insert a table in the RECORD.

Mr. LA FOLLETTE. Certainly.

Mr. BRISTOW. It is a table which I prepared showing the amount of tax collected by the amendment as compared with the bill. I should like to have it inserted in connection with my remarks.

The VICE PRESIDENT. Without objection, permission is granted.

Mr. BRISTOW. If the Senator from Wisconsin will bear with me, I will say that I have another amendment along the same line, except it is reduced in amount, that I should like to offer now, unless it will interfere with the amendment which the Senator has. It is in substance the same except that it starts with one-half of 1 per cent and goes up one-half per cent each additional \$10,000 instead of 1 per cent. It is drawn to meet the objection made by the Senator from Mississippi that we would be collecting an additional revenue.

Mr. LA FOLLETTE. As it varies somewhat from the percentage which I have fixed in the amendment which I offer, I do not think there will be any conflict, and it can be offered just as well after this amendment is voted upon.

Mr. BRISTOW. Very well.

The VICE PRESIDENT. The Senator from Wisconsin offers an amendment, which will be read.

The SECRETARY. Strike out all after the words "the total net income exceeds," in line 19, page 165, lines 20 and 21, etc., down to and including "\$100,000," in line 3, on page 166, and insert in lieu thereof the following: "\$10,000 and does not exceed \$20,000; and 1½ per cent per annum upon the amount by which the total net income exceeds \$20,000 and does not exceed \$30,000; and 2 per cent per annum upon the amount by which the total net income exceeds \$30,000 and does not exceed \$40,000; and 2½ per cent per annum upon the amount by which the total net income exceeds \$40,000 and does not exceed \$50,000; and 3 per cent per annum upon the amount by which the total net income exceeds \$50,000 and does not exceed \$60,000; and 4 per cent per annum upon the amount by which the total net income exceeds \$60,000 but does not exceed \$70,000; and 5 per cent per annum upon the amount by which the total net income exceeds \$70,000 but does not exceed \$80,000; and 6 per cent per annum upon the amount by which the total net income exceeds \$80,000, but does not exceed \$90,000; and 7 per cent per annum upon the amount by which the total net income exceeds \$90,000 but does not exceed \$100,000; and 10 per cent per annum upon the amount by which the total net income exceeds \$100,000."

Mr. LA FOLLETTE. Mr. President, it will be observed by Senators that my amendment does not make any change in the provisions of the bill affecting incomes below \$10,000. The amendment is a variation, in some respects, from the amendment presented by the Senator from Kansas. The rates provided for each of the subdivisions until an income of \$100,000 is reached are somewhat lower than the rates of his amendment.

I have followed this discussion with a good deal of interest, Mr. President, and I quite agree with the observations made by the Senator from New York [Mr. ROOR] that we are just entering upon a plan of Federal taxation that will move forward very rapidly and without obstruction to reasonably perfect execution.

There are a number of States that have income-tax laws. These have been constructed upon the old plan, and their execution has been committed largely to local officers. This has led almost invariably to a defeat of their purpose and to a failure of any considerable return from them. In the year 1911 the State of Virginia collected the largest return from an income tax ever collected by any State in this Union up to that time, and that amounted to \$129,427.

In Wisconsin we have put into force an income-tax law. We made our assessment and collection last year. In the first year

of its operation we recovered more from the income tax of Wisconsin than all the income taxes of all the States combined. We collected about 33 per cent more than was collected for all of the country under the Federal income tax in 1863. The thing can be done. It has been done in Wisconsin. Last year we collected \$3,300,000 under our income-tax law. We purpose to have it take the place of the personal-property tax. The total tax levied upon personal property in Wisconsin last year would amount to something over \$4,000,000. The first year that tax was in operation in Wisconsin we found and assessed almost enough incomes to take the place of this personal-property tax. It will ultimately completely do so.

Mr. LEWIS. Will the Senator allow me an inquiry?

Mr. LA FOLLETTE. Certainly.

Mr. LEWIS. The Senator is now upon a subject that has given me a great deal of concern. It may not be unfamiliar to him as traditional history that I unsuccessfully made the attempt in the State of Illinois to prescribe an income tax. What is the Senator's opinion, if we adopt the Federal income tax and there still shall prevail a State income tax, as to how far that could be urged as operating under the Constitution as a double tax, as was the ruling of the Supreme Court in the Allen case on the matter of the national bankruptcy act superseding State insolvency laws?

Mr. LA FOLLETTE. I think that point would have no merit at all as against an income tax such as we have enacted and are enforcing in Wisconsin. It would be most remarkable, Mr. President, if the enactment and enforcement of a Federal income tax should deprive the States of the power to tax the personal property of that State. Realizing that we in Wisconsin were reaching, as they are in all the States of the Union, but a moiety of the personal property by the ordinary personal-property assessment and that the great bulk of this class of property was escaping taxation, we have established a system to take the place of the ineffective and inequitable personal-property tax. Surely the Federal Government can not come in and say that we may not establish in our State some system of taxation to supplant the imperfect system of assessing and collecting taxes upon personal property.

Mr. President, I noted the comment of the Senator from New Hampshire [Mr. GALLINGER] upon the statement of the Senator from Idaho [Mr. BORAH] regarding the collection of taxes on personal property in Massachusetts. It brought back to my mind an investigation of this subject that I made many years ago in Wisconsin. At that time I very carefully looked into the personal-property tax of the whole country. I recall distinctly that by the report of the comptroller less personal property was paying taxes in New York in 1897 than had paid taxes in that State 14 years before. That is startling. Yet, as to all the great financial centers of this country that statement can be duplicated in a measure.

Now, just let me tell you what the operation of the income-tax law in Wisconsin disclosed. In one case that I recall a very eminent citizen of the State made a sworn statement that the amount of his personal property was \$5,000. Over and over again he filed such statements. Under the income-tax law his personal property assessable under the law during all the years these statements were filed was found to be over \$1,000,000. Every one of you have cases of that kind in your own States.

Mr. GALLINGER. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New Hampshire?

Mr. LA FOLLETTE. Certainly.

Mr. GALLINGER. Will the Senator permit me to ask as to whether in the State of Wisconsin all tax returns are made under oath?

Mr. LA FOLLETTE. Yes; they are.

Mr. GALLINGER. If the Senator will permit me, in my own little State, under the operations of a tax commission somewhat recently formed, I am very sure that our personal property is being assessed at a very high rate, perhaps not the full value of it, and we return under oath our tax lists.

Mr. LA FOLLETTE. The rate is high, and just in proportion as you make the rate upon personal property high, under the system of assessment and collection of taxes prevailing in nearly all the States, you increase the difficulty of discovering it and listing it for taxation.

Mr. SMOOT. You have a personal-property tax in Wisconsin?

Mr. LA FOLLETTE. But we are substituting the income tax for the personal-property tax. We offset the personal-property tax against the income tax. The theory upon which we are proceeding is to make an entire and complete substitution of the income tax for the personal-property tax.

Mr. LIPPITT. I am quite interested in what the Senator is saying. I merely wish to ask him if the returns for the income tax made a distinction between the amount of the income that came from real property and personal property?

Mr. LA FOLLETTE. Oh, yes; the sources of income are specified in the return, and the law has distinct provisions for the taxation of individuals, partnerships, and corporations.

Mr. GALLINGER. Mr. President, will the Senator kindly state, if he carries it in his mind, at how low a point is the income tax?

Mr. LA FOLLETTE. The Wisconsin law taxes all incomes above \$800 per annum received by an unmarried person, above \$1,200 per annum for man and wife, and allows \$200 additional exemption for each child under 18 years of age. The tax rate in Wisconsin is based on units of a thousand dollars. The owner of an income amounting to a thousand dollars above the exemptions is taxed 1 per cent upon that thousand; upon the second thousand, if he has \$2,000 of taxable income, he is taxed 1½ per cent; upon the third thousand, 1½ per cent; upon the fourth thousand, 1½ per cent; upon the fifth thousand, 2 per cent; upon the sixth thousand, 2½ per cent; upon the seventh thousand, 3 per cent; upon the eighth thousand, 3½ per cent; upon the ninth thousand, 4 per cent; upon the tenth thousand, 4½ per cent; upon the eleventh thousand, 5 per cent; upon the twelfth thousand, 5½ per cent; and on any sum in excess of \$12,000 he pays an income tax of 6 per cent.

In the administration of the law many cases came to light of the heaviest taxpayers under the income tax who were among those who had paid the very lightest amount of taxes on personal property. There seemed to be a sort of understanding among the very wealthy men of the State that they should swear off their personal property down to \$5,000. In the case of a very distinguished citizen of the State now deceased I recall distinctly that the settlement of the estate disclosed that the taxable personal property that had been sworn to the year before as \$5,000 aggregated considerably over \$1,000,000.

In another case one of the most eminent and one of the most respectable members of the bar of Dane County, where I live, a man for whom I had the very highest esteem, returned \$5,000 personal property for assessment. The inventory of his taxable personal estate ran up over \$300,000, I think to \$375,000.

In another case, that of a retired farmer who on oath had returned \$5,000 of personal property subject to taxation, it was found on his death that his administrator had turned in for assessment notes and mortgages to the amount of \$317,000.

Mr. President, personal property is reached for taxation under the Wisconsin plan.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Idaho?

Mr. LA FOLLETTE. In just a moment. We do not leave the execution of this law to local officers, and I think in that fact alone lies to a considerable extent the success we are meeting with in the levying of this tax in our State. I yield to the Senator from Idaho.

Mr. BORAH. That is in line with the suggestion I made a while ago that in order to reach proportionately the large incomes it is absolutely necessary that an almost exaggerated rate be put upon them because they do escape taxation. For instance, without mentioning the State, as that would not throw any light on the subject, there were seven estates probated in one State of the Union a few years ago for \$215,000,000. Those seven estates had paid taxes for the previous year on \$3,000,000, which is much less than the percentage which I gave a while ago. So there is no possible danger of taxing too heavily when by any ingenuity which the human mind can conceive of on the part of those who have that class of property it so easily escapes taxation.

Mr. LA FOLLETTE. It is just that thought, Mr. President, which relieves me of any anxiety because of the argument made here this afternoon that the adoption of an amendment similar to that offered by the Senator from Kansas would work such an unequal distribution of burden that a considerable portion of citizens of this country would not realize their obligations to the Government. They have been bearing double, triple, fourfold of the burdens of the Government through many decades.

The taxation upon living which they have been carrying while untold millions have escaped altogether should, I think, relieve us of any apprehension that we may overtax this great wealth by the adoption of an amendment such as that offered by the Senator from Kansas [Mr. Bristow] or that which I have just presented to the Senate.

Mr. President, it is not necessary to impose double taxation on the poor to teach them patriotism. There never has been an hour when this Government was in peril that the humblest of

our citizens have not been willing to offer their lives for the perpetuity of our institutions. There is nothing to be found in our history to warrant us in imposing additional taxation on them by the direct method in order to make them responsive to the call of the country whenever there is a demand for them to serve it. No, Mr. President.

I do not want to speak critically or harshly, but most of those who have argued against the amendments presented this afternoon to increase the income tax upon great wealth are those who have always been opposed to an income tax of any kind. When the opportunity offers to equalize these burdens, I regret, Mr. President, that there should come a line of division on the Republican side, emphasizing differences which I had hoped to see disappear. A new day is coming in this country. If the Republican Party will not see it, then, Mr. President, its place will be taken by some party that will see it.

Mr. GALLINGER. Mr. President—

Mr. LA FOLLETTE. I yield to the Senator from New Hampshire.

Mr. GALLINGER. I was about to suggest, Mr. President, that this is not the only vote upon which there was a line of division on this side of the Chamber and as to which no fault has been found.

Mr. LA FOLLETTE. No, Mr. President; and some of those votes will be analyzed before we have finished here. I am going to take occasion to say to this side of the Chamber that a new accounting must be made in the application of the principles to which we are devoted.

Mr. GALLINGER. Mr. President, the Senator from Wisconsin has made the same assertion, sometimes in the nature of a threat, heretofore. It is not going to alarm those of us who do not agree with the Senator in his economic views.

Mr. LA FOLLETTE. Oh, I do not expect to alarm anybody, Mr. President. I said to certain associates of the Senator from New Hampshire six or seven years ago, when I appealed in vain to them to pass a law to ascertain the value of the railroad property of this country, that their refusal to heed the demand for a correction of grave abuses would result in permanently vacating many seats on the Republican side of this Chamber. My warning was scorned, and a goodly percentage of those gentlemen have disappeared from their places upon this side and many of their seats are occupied by men who realize that legislation must adjust itself to the new industrial conditions of this country.

Mr. GALLINGER. If the Senator will permit me further—

Mr. LA FOLLETTE. I will.

Mr. GALLINGER. It is true that some Senators have disappeared from this side of the Chamber and some have disappeared from the other side; and it is equally true that the Republican Party has been put out of power by some men who sympathized with the Senator from Wisconsin in his extreme views.

Mr. LA FOLLETTE. Mr. President, since the Senator from New Hampshire refers to it, I will say that the Republican Party has been put out of power by the people of this country who are in accord with the views which I am now expressing, and they will retire more men from the Senate of the type of the Senator from New Hampshire before we finally dispose of these issues.

Mr. GALLINGER. Mr. President, the Senator from New Hampshire is not a bit alarmed. The Senator from New Hampshire may go out voluntarily, as some other men to whom the Senator alludes went out voluntarily; but if the people of New Hampshire choose to elect another man than myself the Senator from Wisconsin need not grieve over it, for I certainly shall not.

Mr. LA FOLLETTE. Well, I did not say to the Senator from New Hampshire that I should grieve over it, if he is seeking that sort of a response from me.

Mr. GALLINGER. If the Senator wishes to make this a personal issue, I will suggest to him that I shall not grieve any more than he will, whatever happens.

Mr. LA FOLLETTE. No. Well, now, that we have adjusted these personal matters, I may return to the amendment under consideration.

Mr. President, I want to say to Senators upon the other side that this is a matter, it seems to me, of supreme importance. You are about to establish an income-tax system for the Federal Government. The course of politics has thrown that great opportunity into your hands. Establish it upon principles that will appeal to the sense of justice of the people of this country. I well understand that there are many Senators on both sides of the Chamber who think that these mighty fortunes, accumulated largely in violation of law, can be better dealt with under an inheritance tax that shall prevent the dead hand from exerting

a controlling influence upon the life of the generation that is to follow; but I say to you, Mr. President, that it is a mistake not to tax these great fortunes and make them bear their share according to the full measure of their ability so to do. The income tax offers an opportunity to do it. It should be supplemented by an inheritance tax. Together they will help us to attain that end which our fathers thought they were guaranteeing to us when they provided forever against the law of primogeniture and entail.

Mr. President, I can not hope, in view of the experiences which we have had here, that the amendment which I have offered will be adopted. I understand that those in the majority have started upon quite another course and that they will go through with it to the end; but I do hope that they may consider it worth while to take this provision of the bill and the amendment which I have offered back to their committee room and give it consideration, to the end that these enormous incomes may be compelled at last to pay the tax they have heretofore evaded. I hope this provision of the bill will be taken back to the committee for reconstruction.

Mr. WILLIAMS. Mr. President, I do not care to prolong the debate, but the remarks made by the Senator from Wisconsin [Mr. LA FOLLETTE] are not altogether complimentary to this side of the Chamber. He seems to labor under the delusion that we have not given any consideration to this subject matter. We think we have; we think the Senate Committee on Finance did; we think that the Committee on Ways and Means of the House did; we think the caucus in the House did; and we think the caucus in the Senate did. We may not have arrived at a conclusion which meets with the entire approbation of the Senator from Wisconsin, but it at least met with our approbation. I decline to admit that we have acted without consideration merely because we did not consider it in the same way.

I decline also to let the question as to what shall be the points of demarcation in the graduation of the income tax be dignified into a great and important national issue. That the principle of an income tax itself is a great and important national issue nobody would undertake to deny; and, in devotion to that principle, I think I may claim some degree of precedence as a public man. I voted for the income tax in 1894, and I introduced in every succeeding Congress so long as I was a Member of the House of Representatives a joint resolution providing an amendment to the Constitution of the United States to make possible an income tax for the Federal Government. So I have not been without considering the question of an income tax for very many years—that is, many years for a man who is as young, as boyish, and as alert as I am, although not so many years from the standpoint of history, of course.

We are doing the best we know how; we are not neglectful of our duty, nor are we neglecting to spare time and nerve power and intensity in the public service to accomplish a common purpose which we all have in view. I am of the opinion that this bill as it stands as a first bill to be presented to the American people containing an income-tax provision is better without the amendment of the Senator from Kansas [Mr. BRISTOW] and without the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE], the latter being substantially the same as the former.

We are not acting over here, however gentlemen upon the other side may think, without some degree of common sense, some degree of information, and some small degree of knowledge attained by the best methods that could be employed. All of us are fallible and some of us do not take ourselves very seriously—it is notorious that at least one of us does not take himself very seriously [laughter]—but to the best of our poor ability, with sincerity, with honesty, and with the idea of serving the country, we have presented this bill with this provision in it; and I am still, speaking individually, unconvinced that either of the amendments offered betters the bill in any respect. They simply complicate it; they simply undertake to go upon a theory that you are to levy a tax without regard to the needs of the Government for revenue. That is the defect in all the arguments on the other side, whether made by standpatters or whether made by progressives. They are always considering something in a tax besides the tax; something in a tax besides the revenue.

I do not know to what extent inequalities of fortune are a menace to the Republic. I do know that they are a menace to a large extent; I do know that our ancestors acted very wisely when they abolished primogeniture and entail; and I think I know that the time will come some day when there must be a limitation put upon the amount that may be inherited or left by bequest or devise to any one person or purpose, so as to destroy the power of attack in great fortunes transmitted from generation to generation. But however that may be—and I am

not going afield now upon that subject—this is not the instrumentality to play upon in order to give the country that tune.

Mr. LA FOLLETTE. Mr. President, will the Senator yield to me there just for a moment?

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Wisconsin?

Mr. WILLIAMS. Yes.

Mr. LA FOLLETTE. The Senator realizes the danger that may follow from the passing of an enormous fortune from the deceased promoter of that fortune to somebody else. Does he not also realize the danger of the use of that fortune in the hands of the man who accumulated it?

Mr. President, just a word more. When a fortune has passed from the hands of the dead to his successor, perhaps to his son, perhaps to one who has inherited no attribute of the man who accumulated and used that fortune for 30 or 40 years to oppress his fellow men, or even though the person inheriting had all of the attributes and all of the genius of the one from whom he inherited it, he would require years of training and experience to make it as great a menace as it was in the hands of the man who accumulated it. Then, instead of awaiting the opportunity to reach after death that great accumulation of wealth which the Senator has admitted is a menace, why not diminish it by a system of taxation that is constitutional, legitimate, and proper?

Mr. WILLIAMS. Mr. President, all through that vale I, too, have passed with such measure of thought as I was capable of. I not only recognize that a vast fortune may do harm in the hands of its accumulator, but I recognize that it may do harm in a still greater way after he is dead by being kept together by his direction; and I especially fear a sort of habit that has grown up among a few of the great rich families of America of not permitting their fortunes to be divided equally between their children, but leaving them to the best moneygrubber in the family, so that the deceased may feel assured in some other life somewhere that his philosophy of life is being carried out by somebody who is nearest to him in his own family. I realize all that. But I realize another thing: No honest man can make war upon great fortunes per se. The Democratic Party never has done it; and when the Democratic Party begins to do it, it will cease to be the Democratic Party and become the socialistic party of the United States; or, better expressed, the communistic party, or quasi communistic party, of the United States. I have a suspicion that a man can not make one of these immense, great, big fortunes honestly in one lifetime. Perhaps that suspicion grows out of the fact that I myself am not a money-maker, and never have seen any way whereby I could honestly do it. Perhaps I am mistaken about that.

Mr. NORRIS. Mr. President, will the Senator yield to me?

Mr. WILLIAMS. Not right now. The war that an honest man or an honest party makes upon accumulated wealth must be a war upon the manner in which the wealth was accumulated. It comes with bad grace from Senators on the other side of the Chamber, whose party has furnished a rough-and-ready system whereby great fortunes could be accumulated by the prop of the taxing law, to ask us to tax out of existence the inequalities which they have created.

I hope to see the day, some time, when no man will have help or hindrance from the law, in a fair competition with his fellows; when no law will prop him up in his business and no law will weigh him down in his business; when the Government will say to all men: "Here is a free field and a fair opportunity, and that is all the Government has to do with you in so far as your business is concerned." Of course it has a heap more to do with him when it comes to his behavior, and some other things.

There will be no great fortunes accumulated in one man's lifetime if all men have equal opportunities and no man has law-conferred special privilege. Let us start at the evil in the right way for doctoring it. Let us start at it by doing away with everything upon the statute books which does confer special privilege.

There are no great differences between the intellects of men. A man who makes money, as a rule, makes it not because he is smarter than the man who does not make it, but because he loves money more. The man who loves learning will grow learned; the man who loves piety will grow pious; the man who loves money will grow rich. He may be naturally 50 per cent less able and with less information than the man who piles up his millions. That which your heart yearneth for that you are pretty apt to attain in this world, because the ruling passion will subordinate everything else to its end.

I am not going to attempt to make this tariff bill a great panacea for all the inequalities of fortune existing in this country; nor would it do any good if we did, because we would be doctoring the symptoms and not the cause of the disease. No

wise physician ever fools with mere symptoms. He goes to the cause.

The Senator said a moment ago that a new day was dawning upon this country. The Senator is mistaken. A new day has dawned upon this country. The sun is almost above the horizon. It is not yet the morning twilight, but the sky is showing the colors. The great progressive party of America, the Democratic Party, has been sent here to do its work, and it is going to do it. It is going to do it wisely, cautiously, carefully; and while it is doing it it is not going to disrupt everything in present conditions.

So much for that. I started out by saying that I was not going to prolong the debate, and I find myself, like everybody else, making a promise to the ear of the Senate and breaking it to its patience.

Mr. BRISTOW. I desire to submit this amendment in order that it may be printed and lie on the table for the purpose of offering it as soon as the amendment of the Senator from Wisconsin is voted upon.

The VICE PRESIDENT. The amendment will lie on the table and be printed.

EXECUTIVE SESSION.

Mr. KERN. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 1 hour and 15 minutes spent in executive session the doors were reopened, and (at 7 o'clock and 5 minutes p. m.) the Senate adjourned until to-morrow, Thursday, August 28, 1913, at 11 o'clock a. m.

NOMINATIONS.

Executive nominations received by the Senate August 27, 1913.

MEMBER OF THE EXCISE BOARD OF THE DISTRICT OF COLUMBIA.

Henry S. Baker, of the District of Columbia, to be a member of the Excise Board of the District of Columbia for a term of three years from July 1, 1913.

APPOINTMENTS, BY TRANSFER, IN THE ARMY.

Second Lieut. David B. Falk, jr., Twelfth Cavalry, to be second lieutenant of Infantry with rank from June 12, 1913.

Second Lieut. Carlyle H. Wash, Fourteenth Infantry, to be second lieutenant of Cavalry with rank from June 12, 1913.

APPOINTMENTS IN THE ARMY.

MEDICAL RESERVE CORPS.

To be first lieutenants with rank from August 25, 1913.

Alexander Watson Williams, of the District of Columbia.

Walter Paul Davenport, of Minnesota.

Ralph Michael Le Comte, of Pennsylvania.

Louis Hopewell Bauer, of Massachusetts.

Lanphear Wesley Webb, jr., of Pennsylvania.

Austin James Canning, of Pennsylvania.

Harold Henry Fox, of New York.

Frederick Henry Dieterich, of New York.

William Guy Guthrie, of Kansas.

CONFIRMATIONS.

Executive nominations confirmed by the Senate August 27, 1913.

REGISTER OF THE LAND OFFICE.

A. F. Browns to be register of the land office at Sterling, Colo.

POSTMASTERS.

ALABAMA.

James C. Burns, Bay Minette.

H. W. Crook, Bessemer.

Albert M. Espey, Albertville.

CALIFORNIA.

Isidore J. Proulx, Willow.

Eliza Stitt, Vacaville.

Alice E. Tate, Lone Pine.

Georgia A. Wiard, Chula Vista.

Frank Zimmerman, Monrovia.

FLORIDA.

J. B. Potter, Mulberry.

George D. Rhode, Punta Gorda.

GEORGIA.

D. F. Davenport, Americus.

Mary L. Carswell, Jeffersonville.

Bolling H. Jones, Atlanta.

A. L. McArthur, Cordele.

ILLINOIS.

A. A. Dobson, Elburn.

J. C. Dorfler, Area (late Rockefeller).

John H. Henson, Xenia.

John E. Rethorn, Chandlerville.

Wilbur A. Woods, Pawpaw.

INDIANA.

William B. Latshaw, Oaktown.

Earl Talbott, Linton.

NEVADA.

George A. Myles, Austin.

NEW JERSEY.

Harry T. Allen, Vincentown.

NEW YORK.

John J. Costello, Manlius.

John J. Kesel, Syracuse.

Edward S. Moore, Norwich.

James A. Traphagen, Waterloo.

OHIO.

William J. Prince, sr., Piqua.

OREGON.

J. C. Lamkin, Hillsboro.

SOUTH DAKOTA.

George L. Baker, Britton.

J. A. Churchill, Hurley.

James Gaynor, Springfield.

A. D. Griffie, Faulkton.

Peter Schnitt, Waubay.

E. B. Wilbur, Oacoma.

TEXAS.

Cora Lee Baker, Buffalo.

John Dunlop, Houston Heights.

Lee D. Ford, Brookshire.

T. W. House, Houston.

Annie Watson, Sugar Land.

VIRGINIA.

C. Moncure Campbell, Amherst.

H. G. Shackelford, Orange.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, August 27, 1913.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Thou great Father Soul, who art leaving the impress of Thy wisdom, power, and goodness upon everything, guiding the stars to their appointed courses, swaying the minds and hearts of Thy children to nobler purposes and higher destinies, rule Thou in the hearts of our chosen rulers and sway the minds of these Thy servants in their deliberations, that as a Nation we may go forward to all that is purest, noblest, best until all the world shall recognize the purity of our motives, and Thine shall be the praise through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

ADJOURNMENT UNTIL FRIDAY NEXT.

Mr. UNDERWOOD. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet on Friday next.

The SPEAKER. The gentleman from Alabama asks unanimous consent that when the House adjourns to-day it adjourn to meet on Friday next. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

LEAVE OF ABSENCE.

By unanimous consent, Mr. HILL was granted leave of absence, for 10 days, on account of important business.

JOINT SESSION OF THE SENATE AND HOUSE.

The SPEAKER. Of course Members understand that when the Senate comes over that these three front rows are to be vacated for them by agreement. The special order is the Hetch Hetchy bill.

Mr. RAKER. Mr. Speaker, in regard to the bill H. R. 7207, I ask that it be passed for the present, retaining its place on the calendar.

Mr. MANN. It is a continuing order and it can not lose its place.